

BUSINESS WEEK

MAR. 23, 1946

YEAR
AGO

WEEK
AGO



Bevin, Molotov, Byrnes: Will UNO settle their differences or will their differences scuttle UNO?

BUSINESS

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TUNE IN "INFORMATION PLEASE"—MONDAY EVENINGS, 9:30 E.S.T.—NBC



New tube holds air many times longer

HE best prewar inner tubes always lost air. Even with a perfect valve, pressure dropped. Air somehow leaked whether the vehicle was used or stayed parked in the garage. Scientists explain this loss of air pressure by saying that the molecules of oxygen and nitrogen in the air actually pass easily through rubber. (In fact, the oxygen escapes through ordinary rubber 3 times as fast as nitrogen.) That's the reason why we are told to check the air pressure every week. Now B. F. Goodrich is making a kind of tube—for trucks, cars, farm equipment. This tube is

made of a synthetic rubber that holds air many times better than natural rubber! It is less likely to split, if punctured, than prewar tubes. Less likely to be seriously damaged if punctured. It has greater resistance to chafing than tubes made of other synthetics. And repairing is simple.

Checking air pressure in this tube will be mainly insurance against a leaking valve. You won't have to add air as often as you do now.

With the correct air pressure maintained uniformly in your tubes, you get far greater mileage from your tires, lessen the chances of bruises and breaks.

Research work goes on constantly at B. F. Goodrich. Research has improved tires and tubes for trucks, cars, airplanes, farm tractors and implements, and all types of industrial equipment.

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WEEKLY WASHINGTON BULLETIN

NING FOR WALLACE

Wing confidence among conservatives that Henry Wallace can be dismissed as a political threat is prompting speculation that he might be named as Secretary of Commerce. The year has gone by since the grudgingly consented to his nomination, after splitting off the job of Federal Loan Administrator with the Commerce post had been assumed under Jesse Jones' regime. President Truman has permitted Wallace to remain in his cabinet probably because of the furor to be expected from the New Deal element if he were removed. But Wallace has no desire to take his following. He'd like to remain in the Democratic Party (page 17) but he says himself that a third term would be disastrous.

Case for Replacement

Those who would have Wallace replaced say that it's warranted on three grounds:

With the best of intentions, he has put the ball in prognosticating the economic aspects of the reconversion. (Wallace wasn't alone in this, he has some claim to being an economist in his own right.)

He gave circulation to a report last week on the profit potentials of the automobile industry that obviously intended to influence wage negotiations in favor of employees. Last week, under pressure from his Business Advisory Council to reestablish faith in Commerce Dept. statistics, Wallace said that it was not intended as official and had not been so regarded. (The auto companies have, meanwhile, doing a detective job on curious discrepancies in the Wallace report and "economic study" released about the date by the United Auto Workers now that the two came from the source.)

The reluctant attitude of Congress in giving adequate appropriations for Commerce Dept. activities and the resultant gap between the department's needs and its facilities are still so apparent as to call for appointment of a special committee with stronger claim to the confidence of Congress and with greater success of enlisting its support.

TAXING PRICES

To free its hands for a real job of price control where it's needed, and to win a little goodwill in Congress, OPA is about to sweep price controls

off of thousands of items. All but a small number of these are minor consumer durables, prices of which were automatically frozen at March, 1942, levels. Here's a sample: umbrellas, butchers' blocks, brushes, hammocks, veterinary equipment. A long list of luxury foods also is slated for price freedom—stuff like almond paste, anchovies, calvesfoot jelly.

In addition to this wholesale decontrolling, the OPA is picking up a few popular numbers where supply will permit removal of ceilings: poultry soon, cigars by early summer. A boost in cigarette prices is due shortly.

All the while, the appearance of OPA liberality will be further increased by the steady output of relaxation orders on industrial capital goods and parts for consumer durables (BW-Mar. 16 '46 p17).

LABOR CURBS HANG FIRE

Odds are still against enactment of tough labor legislation, but they have been shortened considerably.

Much depends on John L. Lewis. A coal strike of any substantial duration could provide just the whiplash that would drive the Case bill, or something equally stringent, through the Senate.

Even so, there's room for long delay, until a time that would be propitious for a veto.

The Senate (pro-) Labor Committee this week reported out a bill which carries the same number as the Case bill passed by the House. The resemblance ceases there.

Senate leadership plans to stall by giving right-of-way to housing legislation and the British loan, which means that the labor bill may be kept off the floor until the coal crisis has passed. But a prolonged strike probably would force the committee's mild mediation proposal up on the calendar. Antistrike amendments would have strong support.

Special Report

Every American businessman can well be affected by the decision which Congress must soon make on the widely debated U. S. loan to Great Britain. What this decision means to our own and the world's economic future will be set forth in a 13-page Report to Executives, "The Loan to Britain," in the next (Mar. 30) issue of *Business Week*.

with perhaps a 50-50 chance that the Senate would send to conference a bill as tough as the Case bill.

Veto Is Final Bulwark

The Labor Committee members, of course, would be appointed to any conference committee with the House, and the bill could be tied up there indefinitely.

If the stall strategy fails, labor still counts on President Truman to veto anything punitive.

It would be a curious repetition of history if a coal strike again became the immediate cause of labor control legislation. It was Lewis' defiance of the no-strike policy in 1943 which goaded Congress to enactment of the Connally-Smith bill over President Roosevelt's veto.

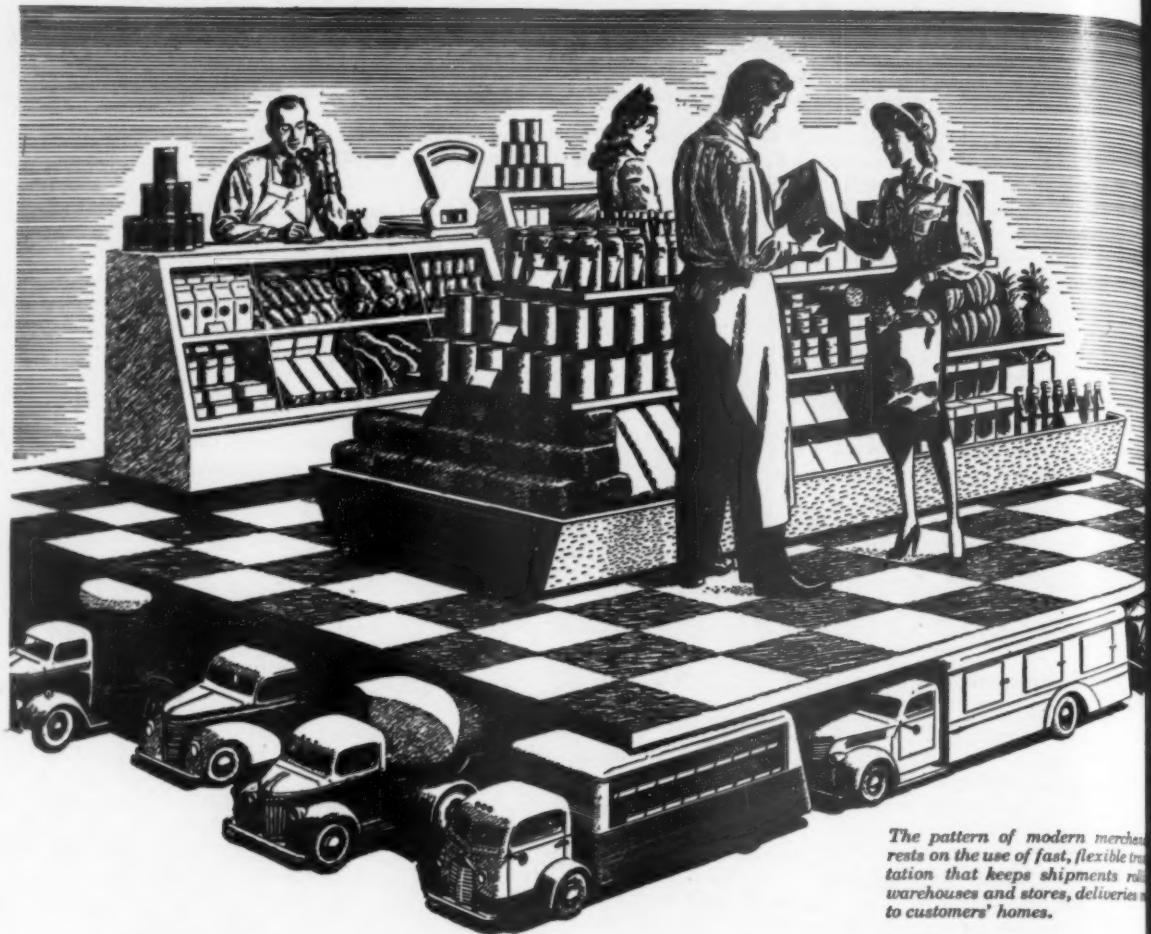
The bill reported by the Senate committee would set up a five-man mediation board in the Labor Dept., and also carries a bob-tailed version of the Hobbs antiracketeering bill. This amendment, adopted in committee by a 5-to-4 vote, provides for fine and jail penalties for intimidation, coercion, or any attempt to exact tribute in connection with transportation to market of perishable goods by a farmer or his employees.

DRAFT GETS NEW LEASE

If Congress were voting today, the draft law would be extended for six months past its May 15 expiration date—extended as is, 18-year-olds and all. Military and diplomatic officials have convinced congressmen that the Iranian-Manchurian-Bulgarian poker game calls for more blue chips in khaki suits—and congressmen would rather continue the draft than see demobilization halted. But it will be hard to keep them convinced, if, as now seems likely, Soviet-U. S. tension eases over the next six weeks. Without a war scare, the legislators won't take the political risks involved merely to ease the Army over its transition from a citizen to a professional force.

Actually, the Administration isn't yet disturbed enough about the international fireworks to ram the measure down Congress' throat. The decision to revive hearings on draft extension leaves congressmen more time to move around in and yet serves the Administration's immediate purpose—to cover up the weak spot in its bargaining position exposed by the tacit agreement (BW-Feb. 23 '46 p7) to let the draft die.

Meanwhile, the long-range military personnel questions—universal training



The pattern of modern merchandising rests on the use of fast, flexible transportation that keeps shipments rolling from warehouses and stores, deliveries right to customers' homes.

Modern merchandising is built on gasoline

THERE is hardly a business that doesn't depend on automotive transportation. The dairy and bakery industries are built on it. Groceries, laundries and countless other businesses thrive on it. And *all* business benefits when transportation is improved by the development of better engines and better gasoline.

For over twenty years oil refiners have been using Ethyl antiknock fluid to help produce increasingly better gasolines. Each improvement in gasoline quality has made possible the design of more powerful, more efficient engines. In turn, this combination of better engines and better gasolines has helped to lower transportation costs.

Because fuels, engines and lubricants are so closely related in use and development, Ethyl engineers have always worked closely with the technical people of

petroleum and automotive companies. Today we are expanding our research and service facilities still further so that we shall be able to offer more help to ever in the big, overall job of providing better, more economical transportation for everyone. Ethyl Corporation, Chrysler Building, New York 17, New York.

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WASHINGTON BULLETIN (Continued)

revised draft law for the future—abeyance, and would stay there next year if the draft should be excluded. Time is working against union-training advocates, but selective planners are readying proposals for future draft. Key changes would be in the 4-F's for rear-echelon billets and call up men by occupational status rather than by family status.

PROFIT PATTERN

Tooth profits will replace sawtooth under OPA's new pricing policy for producer goods industries (BW-Mar. 6 '46, p17). After V-J Day, as hard producers began coming back into civilian market, OPA emphasized payments for individual companies to chief from the largely obsolete ceiling under which they worked.

A personnel was heavily concentrated on this type of work, and the result, in many lines, was a multitude of different prices for substantially the same goods—and a rough leveling off of prices between high- and low-cost firms. OPA's new move to tackle the problem by industry groups—with across-the-board increases in ceilings or even complete removal in some cases—has resulted in a moratorium on individual adjustments. Level prices will come back—and sawtooth profit pattern will reflect this in cost.

CAUSE FOR BARUCH

Everyone applauded the appointment of Bernard Baruch as U. S. member of international commission on control of atomic energy, but the military hoped loudest.

Baruch long ago established himself in the public eye as an elder statesman of non-partisanship, but the Army has no doubt that its interest in the military potential of atomic power will be sold in the river by the U. S. commissioner or by his four-man staff—which is made up of civilians who have demonstrated a capacity to see things the Army way. In the days when the War Production Board was run by a conflict between "civilian-minded" and "Army-minded" officials, Vice-Chairman Ferdinand Eberstadt and Fred Sears, who Baruch's aids, were recognized as leaders in the group urging closer liaison with the armed forces.

While the commission is getting ready to study methods of international control of the atom, the Senate bill on atomic control is undergoing a process of compromise by accretion. Proposals

have been pushed to give control to a full-time salaried civilian board, a part-time board of dollar-a-year civilians, or a military board. As the bill now stands the President would have a chance to listen to all three on major decisions. Formal authority would rest with a full-time civilian board, but a military group would have what amounts to a veto power which could only be overruled by the President. And the full-time board would be advised by a group of part-time experts.

FOOD PREDICTION

Despite strong pressure for more food to meet Europe's needs, farmers evidently feel that, even with good weather, the best they can do is match last year's output. Manpower and machinery shortages will prevent them from stepping up operations.

Intentions to plant, as of Mar. 1, show 2% to 3% increases in grains and the same total acreage of major crops as last year. This is 11,000,000 acres, or 3% short of the upped goals that Secretary of Agriculture Clinton P. Anderson set in February.

ANDERSON ON THE SPOT

Secretary of Agriculture Clinton P. Anderson has maneuvered himself into a position where he has hardly a friend on Capitol Hill, and there's talk among congressional farm leaders of a demand for his removal. In an attempt to mollify cotton senators, Anderson last week refused to sign the OPA order boosting margins on cotton futures traded on the exchanges (BW-Mar. 16 '46, p5). OPA is planning to go ahead anyway with this order, designed to stabilize raw cotton prices, but the incident has widened the rift between Anderson and Economic Stabilization Director Chester Bowles.

Hardly 48 hours later, Anderson alienated the whole congressional farm bloc by announcing—after being coy on the issue for months—that he opposed the Pace-Russell measure which would boost parity prices of farm products about 25% by including farm labor costs in the computation of parity.

Handicap

All this will do the secretary no good in the pending Senate fight over the Flannagan bill. As passed by the House, this measure would strip the Agriculture Dept. of its lending agencies (FSA, FCC, etc.) and assign them to an independent board. Anderson will be lucky

to get a Senate compromise which would consolidate the agencies into a single unit within the department.

CAR DEALERS MUST TAKE IT

Auto dealers are already kicking and screaming, but OPA seems determined to make them absorb all of the price increase slated for auto manufacturers as a result of recent wage boosts.

OPA figures that the dealers' current gross margin of 21½%—reduced from 24% by OPA last fall (BW-Nov. 17 '45, p17)—can stand some more paring and still return dealers a substantially higher profit than before the war.

BACK TO THE MIDDLE

Even Truman's best friends told him that he shouldn't try loading up the Council of Economic Advisers established by the full employment law with New Dealers.

The President had made up his mind last week (BW-Mar. 16 '46, p5) to a board consisting of Isador Lubin, Robert Nathan, and either Leon Henderson or Alvin Hansen. But he dropped the idea when his conservative leaders warned him these men could hardly be confirmed, while the liberals worried lest a one-sided council spike the plan.

One of his choices will doubtless end up on the council, but now Truman is trying to pick a couple of middle-of-the-roaders to balance up the body.

INTEREST IN THE INCHES

Interest is mounting in the disposal of the Big and Little Inches. War Assets Corp. hasn't yet received any solid offers for the pipelines but, in response to a blanket invitation, it has got numerous requests not to close any deals without notice beforehand.

WAC officials are confident that if independent interests come through with an offer, some major company will promptly make a better one. The 1,400-mile Texas-New Jersey rights-of-way are very valuable.

Overtures have been made by an independent group of Texas oil and gas operators, under the name of the Trans-Continental Gas Pipe Line Co., who talk in terms of \$40,000,000 for the lines, including the Southwest Emergency Pipeline. The Big Inch is too small to be an economic carrier of gas, but it might be used for this purpose (over John L. Lewis' dead body) until development of Pennsylvania-New Jersey



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More Heat with Less Fuel

Seven out of ten large buildings in America (many less than ten years old) can get up to 33% more heat out of the fuel consumed!... If you are planning on a new building or on the modernization of an existing building, you will be interested in "Performance Facts"—a book of case studies, before and after figures, on 268 Webster Steam Heating installations. Write for it today. Address Department BW-3.

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sey-New York markets warranted laying a bigger pipe.

WAC expects to be able to sell the property at a much higher figure.

STRATEGIC ATTACK

Top naval brass suspects that the Air Force Assn., whose acting president is Lt. Gen. Jimmy Doolittle, is underwriting a heavy first printing of "The Case Against the Admirals," an eloquent brief for the Army-Navy merger by William Bradford Huie.

Doolittle supported the proposed merger so vigorously before a congressional committee some time ago that Navy Secretary James Forrestal protested some of his statements to the War Dept.

Huie is the author of "Can Do," a story of the Seabees, and "From Omaha to Okinawa." A former naval officer, Huie was permitted to resign during the war because it was felt that, coming from a civilian, his writing would be a bigger Navy morale booster.

CAPITAL GAINS (AND LOSSES)

Federal Power Commission denial of a rehearing in the Nebraska Power case (BW—Feb. 24, p7) leaves the dubious prospect of an upset by the courts as the only remedy for those who would halt disposition of the \$45,000,000 utility property to a nonprofit corporation, for ultimate transfer to a bona fide public agency.

A cut in airmail postage from 8¢ to 5¢ an ounce will be approved by Congress shortly.

—Business Week's Washington Bureau

THE COVER

For the newborn United Nations Organization this is the year of decision. Whether it grows or withers depends largely on its ability to persuade its three giant members—Britain, Russia, United States—to check their rattling sabers at the door and negotiate their controversies across the table (page 15). Clashing viewpoints expressed in recent months by Britain's Foreign Minister Ernest Bevin, Russia's Foreign Minister V. M. Molotov, and U. S. Secretary of State James F. Byrnes have become grave issues of important dimensions—ones likely to remind UNO delegates that "it's much later than you think."

The Pictures—Acme—Cover, 21, 22, 26, 106, 116; Press Assn.—Cover, 15, 16, 90, 106; Int. News—36, 78, 86, 94, 106, 113; British Com-bine—73.



**George Coble Increases
Dairy Business from 1
to 36,000 Daily Gallons
in 11½ Years—Uses 4
Frick Refrigerating Mach-
ines, Totaling Over 2,000
Horsepower**

That summarizes the remarkable growth of Coble Dairy Products Inc., of Lexington, N. C., which now has 15 branch plants.

Starting with one small Frick compressor in 1934, Mr. Coble now uses Frick Refrigeration in his dairies—will own 51 Frick machines when those on order are shipped. Installation by Piedmont Engineering Corp., Frick Distributors at Charlotte, N. C.

Another proof of the saying that "The users of Frick Refrigerating Ice-making and Air Conditioning Equipment make money."

FRICK Co.
DEPENDABLE REFRIGERATION SINCE 1881
WAYNESBORO, PENNA.

View in the Lexington, N. C., Plant of Coble Dairy Products, which Covers City Block



THE OUTLOOK

BUSINESS WEEK
MARCH 23, 1946



Don't be too surprised if manpower continues relatively short right through this year. Some authorities even anticipate acute shortages.

The wage-price squeeze will contribute to the tightness.

With labor costs high, manufacturers can't afford much overtime. This will have the effect of spreading the work.

Moreover, absence of overtime will influence decisions of people teetering between leaving the labor force or taking peacetime jobs. They did war work for high pay as well as patriotism; pay still is the object.

The same is true of people thinking of rejoining the labor force.

•
Reconversion employment has been well above expectations.

Lines without reconversion problems apparently have provided jobs running into many hundreds of thousands.

The result is nonfarm employment better than 10% ahead of the 1941 average. And, says the Federal Reserve Bulletin for March, "Production in the whole economy . . . is now above the level of any previous peacetime period and substantially above the average for the years 1935 to 1939."

That is behind the inability of certain lines to hire all the hands they need—or at least the skills they need at wages they can afford to pay.

•
Peak unemployment, now near at hand, may not top 4,000,000.

There has been a lot of argument whether the low jobless estimates of the Census Bureau have been wide of the mark; employers' comparative difficulty in getting workers tends to support Census.

Unemployment is low both because employment is up (500,000 a month in the last five months) and because the labor force has shrunk (by 3,000,000).

These factors have helped mightily in re-employment of veterans who now make up 10% of total manufacturing employment.

•
Nearly 2,000,000 veterans are still to be released by midyear; some ex-servicemen who are now "vacationing" shortly will be after jobs.

On the other hand, many veterans will continue their educations instead of joining the labor force. And, even though 2,200,000 women have gone back to keeping house since the end of the war, perhaps as many as 750,000 additional will drop out of the labor market by midyear.

Then, too, employment now is entering its big seasonal upswing.

Agriculture will be bidding against industry for hands over the next six months, the period of extensive field work.

Construction has been gaining momentum steadily, so its seasonal employment rise may be somewhat less than average. Nevertheless, there will be a sizable increase—magnified later by the new housing program.

Thus unemployment may be far lower than 4,000,000 next fall when industry presumably will be working up to high-level production.

•
Danger of a boom-and-bust inflation will be heightened if we turn up short of manpower late this year or early next.

Such a bottleneck would be just as bad as finding that we lack (1) sufficient plant capacity or (2) enough raw materials to produce as much as is needed to slake accumulated demand for goods.

There is a growing group of economists who predict that we may run

THE OUTLOOK (Continued)

BUSINESS WEEK
MARCH 23, 1946

into any one or combination of these limiting factors. If their views should prove valid, then the huge money supply (BW—Mar. 16 '46, p120) could be expected to vent its full force on our economy.

Even large-scale production will not necessarily damp down the inflationary threat as rapidly as might be hoped.

A car bought on time may mortgage a person's future but it doesn't cut his immediate buying power as it would if he paid cash.

A home bought on a 10% down is another good example.

This is why it will take such very large production of cars and construction of homes ever to catch up with pentup demand.

Bottlenecks' tightness can, of course, be misjudged at this stage.

There is an optimistic viewpoint on availability of manpower as well as grounds for some concern about shortage.

The men who have been returning to the civilian labor force are, for the most part, younger and stronger than the people they replace. In many cases, they have higher skills. Their coming makes possible a shorter work-week and this, in turn, means less fatigue for all concerned.

These factors make for greater productive efficiency.

And recent wage advances may change the minds of large numbers of war workers who had gone home or who had planned to quit work. This alone could greatly alter the labor supply outlook.

Food supplies at home and for foreign relief will be greatly affected by the manpower situation.

A lot of elderly farmers, who carried on for the duration in spite of all hardships, either have quit farming or are taking it easier.

And current widespread strikes in the farm implement manufacturing field curtail the amount of mechanical assistance that is forthcoming.

How many discharged veterans who came from the farms are going back there? How many will be lured by city wages? And how many will help out through harvest time before looking for higher-paid work?

If the crop is bountiful (and it is too early even to guess, although the general outlook isn't bad), the person who can answer questions such as these holds the secret of the food-and-feed situation for the last half of this year and the first half of next.

Will Clayton's statement for the State Dept. that the U. S. will pull out of UNRRA next Jan. 1 doesn't mean farm surpluses after that date.

It does mean that we will discontinue relief shipments as such.

However, the government is legally obligated to take surpluses off the market at or above support prices. While foreign governments won't have much cash to buy with, we undoubtedly will extend liberal credit.

Battles even more bitter than that between R. J. Thomas and Walter Reuther are brewing in C.I.O. The Communist element expects that efforts will be made to purge it.

Watch these fights—not so much because they will weaken unions with which management must deal but because of national politics. They weaken the Political Action Committee's ability to get out its vote.

FIGURES OF THE WEEK

	5 Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
THE INDEX (see chart below)	*162.0	158.0	142.0	231.5	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	88.9	83.6	15.2	96.9	97.3
Production of automobiles and trucks	35,020	23,050	21,555	20,505	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$15,041	\$12,677	\$9,223	\$6,050	\$19,433
Electric power output (million kilowatt-hours)	3,989	3,953	3,949	4,398	3,130
Crude oil (daily average, 1,000 bbls.)	4,415	4,403	4,710	4,774	3,842
Bituminous coal (daily average, 1,000 tons)	2,171	2,120	2,083	1,802	1,685
TRADE					
Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	79	77	68	80	86
All other carloadings (daily average, 1,000 cars)	52	54	51	48	52
Money in circulation (Wednesday series, millions)	\$27,946	\$27,957	\$27,967	\$25,881	\$9,613
Department store sales (change from same week of preceding year)	+14%	+19%	+25%	+18%	+17%
Business failures (Dun & Bradstreet, number)	17	22	25	16	228
ICES (Average for the week)					
Spot commodity index (Moody's, Dec. 31, 1931=100)	271.2	271.4	268.6	255.3	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	172.0	171.4	170.3	166.4	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	238.1	238.6	235.3	226.3	146.6
Finished steel composite (Steel, ton)	\$64.45	\$64.45	\$58.27	\$57.55	\$56.73
Scrap steel composite (Iron Age, ton)	\$19.17	\$19.17	\$19.17	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	12,000¢	12,000¢	12,000¢	12,000¢	12,022¢
Wheat (Kansas City, bu.)	\$1.72	\$1.72	\$1.69	\$1.66	\$0.99
Sugar (raw, delivered New York, lb.)	4.20¢	4.20¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.)	26.53¢	26.61¢	26.09¢	21.75¢	13.94¢
Wool tops (New York, lb.)	\$1.330	\$1.330	\$1.330	\$1.340	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	138.2	138.1	143.7	110.9	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	2.94%	2.93%	2.94%	3.38%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.47%	2.47%	2.48%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1%	1%	1%	1%	1-1/8%
RANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	37,678	37,395	37,542	37,635	23,876
Total loans and investments, reporting member banks	67,749	67,699	67,943	58,155	28,191
Commercial and agricultural loans, reporting member banks	7,486	7,458	7,361	6,186	6,296
Securities loans, reporting member banks	4,781	4,625	4,814	2,830	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks	49,088	49,231	49,485	43,799	14,085
Other securities held, reporting member banks	3,440	3,431	3,384	2,937	3,710
Excess reserves, all member banks (Wednesday series)	1,120	900	1,240	1,013	5,290
Total federal reserve credit outstanding (Wednesday series)	23,423	23,297	23,933	20,296	2,265

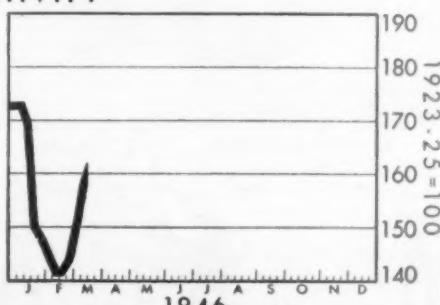
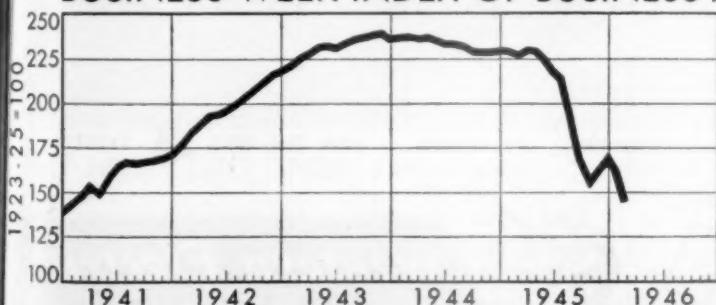
Preliminary, week ended March 16th.

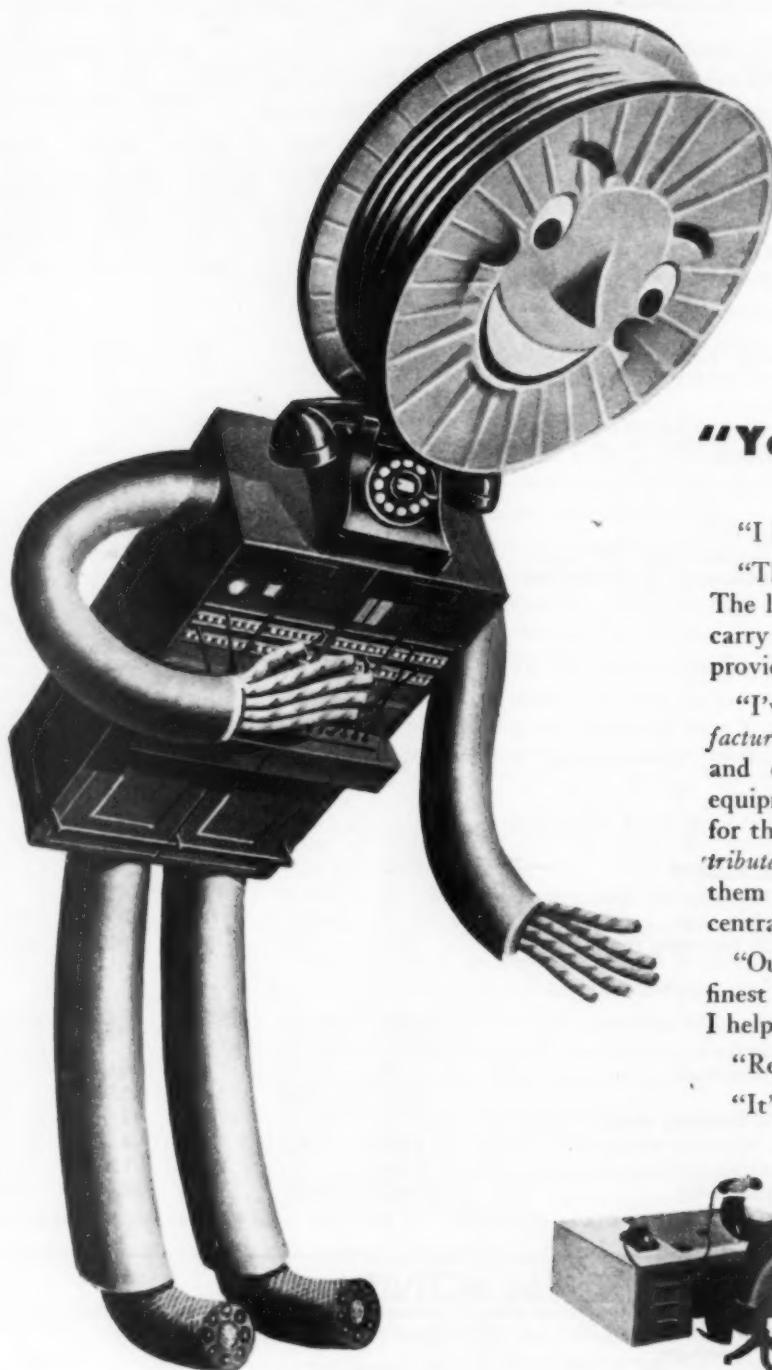
*Revised

**Ceiling fixed by government.

†Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





"You rang for me?"

"I have been working for you for years.

"That telephone in your hand, I made. The long thin wires, the stout cables that carry your voice at the speed of light . . . I provided them, too.

"I've been busy . . . since 1882 . . . manufacturing telephones, switchboards, cable and other Bell System apparatus and equipment. I purchase supplies of all kinds for the Bell Telephone companies . . . distribute all this material and equipment to them throughout the nation. I install central office switchboards.

"Our nation's telephone service is the finest and most economical in all the world. I help make it possible.

"Remember my name . . .

"It's Western Electric."



MANUFACTURER... PURCHASER...

of 43,000 varieties of telephone apparatus.



DISTRIBUTOR...

of supplies of all kinds for telephone companies.



INSTALLER...

of telephone central office equipment.



FOR THE BELL SYSTEM



Western Electric

UNO Faces an Important Test

Security Council, meeting amid controversies stemming from balance-of-power politics, must maintain confidence in itself while limiting the responsibilities that it can assume at this time.

UNO faces its second acid test next week when the Security Council meets in New York.

As in London, two months ago, the technical task of the council will be organizational—establishing formal rules of procedure, organizing the Military Staff Committee, making way for the Atomic Energy Committee.

But again, as in London, the focus is sure to be upon the current status of the contest between the western democracies and the Soviet Union for influence in Iran, the Balkans, the Mediterranean, and in Asia's colonial areas (page 111).

In addition, the French government may pursue further its attempt to prove that the Franco government of Spain constitutes a threat to the peace of the world.

Diplomacy Outpaced—In recent weeks the battle for position among the Big Three—or between the Anglo-American bloc and the U.S.S.R.—has outpaced the devious mechanisms of diplomatic exchange and overflowed into press and

radio, the public sounding-boards of hit-and-run diplomacy.

The test of UNO will be its attempt to restore face-to-face discussion; to condemn oblique recrimination as an instrument of national policy; and to inspire public confidence—now atremble at rumors of war—in the certain ability of the Security Council to assure and preserve peace.

• **Symptoms**—The particular issues separating the great powers today are symptoms rather than the cause of the present crisis.

The charges and countercharges really avoid the central point: that two firmly rooted ideologies are competing, by different and sometimes by questionable means, for the allegiance of great masses of people in large and strategically important geographical areas. But the competition turns on familiar balance-of-power issues:

The Iranian issue reeks of oil.

The Turkish question is concerned as much with the strategic importance of the Dardanelles as with the legitimate

imacy of Soviet claims to Armenian provinces in northeastern Turkey which were wrested from the Ottoman Empire a hundred years ago and legalized by the Treaty of Berlin in 1878.

• **And Elsewhere**—In Manchuria, the Soviets at first appeared to be sealing the area to both Chinese and foreign inspection and assistance. Now American diplomatic reporters are moving in behind evacuating Red Army units to ascertain the amount of "reparations" taken, and to pave the way for foreign economic aid to North China's recovery.

In Greece, the forthcoming elections are sure to be criticized as vigorously by the Soviets and their leftist Balkan friends as were—and will be—the elections of radical leadership in Balkan countries making their genuflections toward Moscow.

In Indonesia—and other backward Asiatic dependencies—the Soviet Union has a receptive sounding-board for its Marxian condemnations of colonial imperialism with which to needle Britain, France, and Holland.

• **Pertinent**—These tactical moves bear directly on the intangible political rivalries in eastern Europe and the Far East, where the Soviet Union is charged with pre-empting a leading role by intimidation—military, political, and economic.

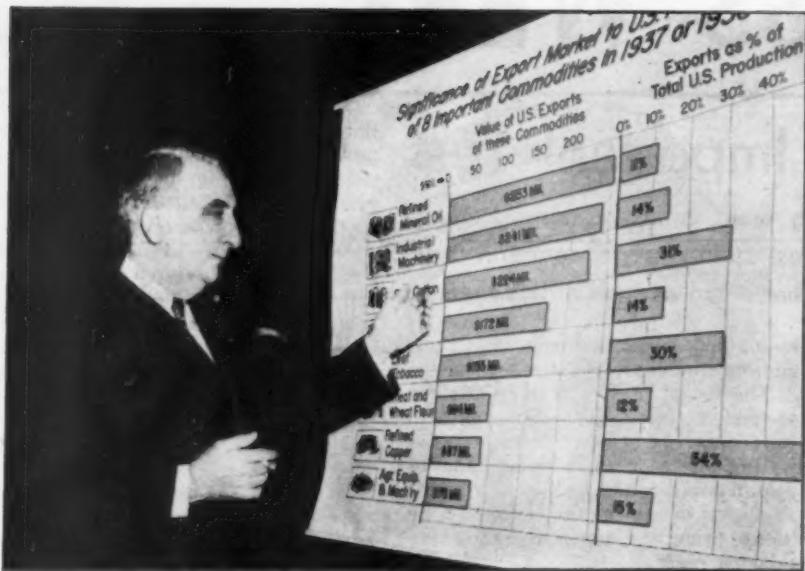
The deterioration of Big Three unity



THAT NEIGHBORLY SPIRIT

With famine rather than power politics the major issue, representatives of nations with divergent points of view (above) thrash out their problems across the council table at United Nations Relief & Rehabilitation sessions at Atlantic City. Whether UNRRA's show of teamwork,

more or less compelled by hunger, will set a pattern for next week's UNO sessions is problematical. In UNRRA—as in UNO—the point of focus will be the Soviet Union. To UNRRA, Russia is a problem child that seeks relief but offers 600,000 tons of grain (page 111) to France; to UNO, Russia is also a problem child about whose actions some of the neighbors have complained.



HE URGES CASTING BREAD UPON THE WATERS

At congressional hearings on the proposed \$3,750,000,000 loan to Britain, Secretary of the Treasury Fred Vinson pointed out that a large slice of U. S. 1937-38 output was for export. The loan admittedly has a hard road to travel before approval, but Secretary Vinson regards it as one investment in world peace which would return profits in more exports, result in more business. (What it means to U. S. business will be explained in "The Loan to Britain," a Report to Executives to appear in the Mar. 30 issue of *Business Week*.)

was forwarded by Winston Churchill's unofficial attack upon Soviet methods in eastern Europe and by the implied call for an Anglo-American power alliance. Stalin's official retort was not designed to ease the tension.

• **Via the Newspapers**—The State Dept.'s inquiry to Moscow on Soviet troop movements in Iran, based on questionable reports and made prematurely available to the press, followed hard on the heels of a protest on Soviet looting in Manchuria based on newspaper accounts. The Soviet reply, by way of the official news agency Tass, was equally undiplomatic and provocative.

How many of these conflicts will be presented to—and accepted for discussion by—the Security Council remains in question.

The Iranian issue was left by the London meeting of the Security Council to direct negotiations between Moscow and Teheran.

• **Notes or Treaty?**—Both the State Dept. and Downing Street—and perhaps Teheran—contend that a new cause for complaint exists in the failure of the Red Army fully to evacuate Iran by the date (Mar. 2) set in an exchange of notes between London and Moscow last fall.

The Soviets, on the other hand, claim a right to maintain troops in northern

Iran under the Soviet-Iranian treaty of Feb. 26, 1921, and can (since they called attention to the treaty in a note to Washington last November) be expected to stand on this technical claim if the issue is raised.

• **Edgy, Then Blunt**—Although Washington—perhaps reluctantly—sanctioned the Sino-Soviet treaty which reinstated several czarist privileges in Manchuria, the State Dept. assumed an edgy attitude when the Red Army lingered beyond the twice-extended evacuation date. And when it appeared that Japanese-built war industry was being removed by Moscow on the basis of its own interpretation of a Potsdam decision which applied only to Germany, Washington protested bluntly and publicly.

The Chinese had twice asked the Soviets to remain until strong national troops could assume control of key cities, and final evacuation was apparently legitimately delayed by transport bottlenecks. A private diplomatic demarche on "looting," or a Soviet invitation to U. S. inspectors, might have avoided a now-embittered disagreement on Far East reparations.

• **May Be Ruled Out**—These contentious issues between the major powers may well be ruled outside the purview of the Security Council, either because the possibilities of bilateral or

multilateral negotiation have not been exhausted (Iran, Turkey) or because the issue is primarily of a war-end nature (Manchuria, Greece, Indonesia).

Further, until basic organizational and procedural decisions have been made, the council is being forced to operate off-the-cuff and not in the manner of a responsible guardian of world peace.

It is quite possible, too, that the potatoes being foisted onto the council could have been quickly disposed of if the Big Three had maintained closer and cordial diplomatic contact.

• **Away From Their Posts**—For the past months the United States has had an ambassador in Moscow. The British ambassador to the Kremlin, Sir Archibald Clark-Kerr, has been away for over a month. And Moscow's London and Washington ambassadors—Ivan Maisky and Andrei Gromyko—have both been away from their posts in recent months.

While recourse to a foreign ministers' conference—or even a Truman-Attlee-Stalin meeting—might appear to circumvent the UNO, it is probably the only ready solution to a deteriorating situation. And the simple fact that the issues to be solved relate primarily to war-end misunderstandings arising from previous Big Three "agreements" ought certainly to absolve UNO of any charge of failure.

• **Conciliatory Moves**—Actually, without fanfare, the U. S. and the U.S.S.R. have been making shy rapprochements. (1) Washington has "found" the much-laid Soviet request for a \$1 billion loan and Moscow has replied favorably to an invitation to discuss it; (2) the U. S. has canceled the proposed parade of the Eighth Fleet in the eastern Mediterranean lest it be misconstrued as a provocation; and (3) the U. S.-dominated Combined Food Board—with the United Nations Relief & Rehabilitation Administration—has invited the U.S.S.R. to contribute surpluses to needy eastern European nations, and the Soviets, in turn, have invited UNRRA missions to White Russia and the Ukraine.

The Security Council will be forced to take a strong stand—either in the opening days, or in the course of the discussions which are expected to last two months—on the scope of its responsibilities.

• **What Can Happen**—If it is pressured into studying too many extraneous issues, including those which can be solved bilaterally, there is a good chance that one or another of the major powers may decide to abandon its confidence in the effectiveness of the new peace agency.

If it dodges legitimate controversies, and attends only to trivia, the chances of failure are equally real.

The Security Council, in its second meeting, will be seeking a middle way.

Surplus: a Threat or a Promise?

Although many manufacturers aren't worried over the disposal of war inventories, there are storm signals ahead. It's not so much the quantity as the method of marketing that counts.

Ever since the beginning of the war, businessmen have been hearing about government-owned surpluses, but as yet few of them have seen anything except the ill-assorted odds and ends.

Many manufacturers now are beginning to think that government surpluses will make very little difference to them one way or the other. They have given up the hope of tapping government inventories to get any real quantity of scarce items—for instance, textiles and building materials. By the same token, they have decided to stop worrying about the possibility that surplus sales will swamp their markets and throttle new production.

Storm Warnings—It still is far too early to tell whether or not this philosophical attitude will backfire. Nobody in Washington or elsewhere knows yet just how big the salable surpluses will be, much less how they will fit into the production and marketing patterns of particular industries.

A look at the tentative estimates that are available leaves the question wide open. The figures give a good deal of encouragement to the businessman who thinks that he will be able to take surpluses in his stride, but they also point to some of the risks he is taking.

While the various federal disposal agencies have been going through one tortured reorganization after another (BW-Mar. 2 '46, p21), their statisticians have been busy pumping the air out of the official and semiofficial estimates of the total amount of surplus that will have to be sold, scrapped, or otherwise unloaded. The experts think that their latest figures (box, page 18) represent a fairly accurate measure of the situation in terms of original cost—assuming that the Army and Navy don't make any more drastic changes in their inventory policy.

Big Portion Overseas—Counting everything, disposal officials now predict that the total volume of surplus will add to about \$52 billion. War Assets Corp., now in the process of merging with the Surplus Property Administration to form the new War Assets Administration (which already carries some \$10 billion in its books), is expected to be declared by the Army and Navy over the next 18 months.

An official estimate of \$52 billion shows that a lot of water has gone under the statistical bridge since the days when predictions of a \$100 billion sur-

plus were floating around Washington, but the deflating process doesn't end there. Approximately \$15 billion of the total will be overseas. American manufacturers can forget about it except in one or two special cases.

• **Sizable Total Left**—Taking out the overseas surplus leaves a total of \$37 billion. Take out another \$4 billion for nonsalable aircraft and \$6 billion for aircraft being scrapped. This makes the domestic total \$26,791,000,000.

Of this, only about \$19,500,000,000 worth (original cost) will offer much of a threat or much of a promise to American producers. This breaks down as follows: plants and industrial real property, \$8,273,000,000; production materials and plant equipment, \$6,504,000,000; and consumer goods, \$4,760,000,000.

Standing by themselves, these totals are enough to make any businessman swallow hard. The surpluses of the first World War amounted to only \$6 billion, but their tag ends still crop up in the market from time to time.

• **Comparisons Are Deceptive**—Surplus plants now owned by the government are equal on a cost basis to about one-fourth of all the country's manufacturing capacity at the beginning of the war. Surplus machine tools have about the same value as the entire output of machine tools between 1925 and 1940. Consumer goods surpluses are about equal to all department store sales in 1945.

Cost comparisons make the surpluses look more imposing than they really are, however. For one thing, only part of the surplus goods and plants will be adaptable to civilian use. For another, the values will have to be written down to allow for high wartime costs, depreciation, and conversion expenses.

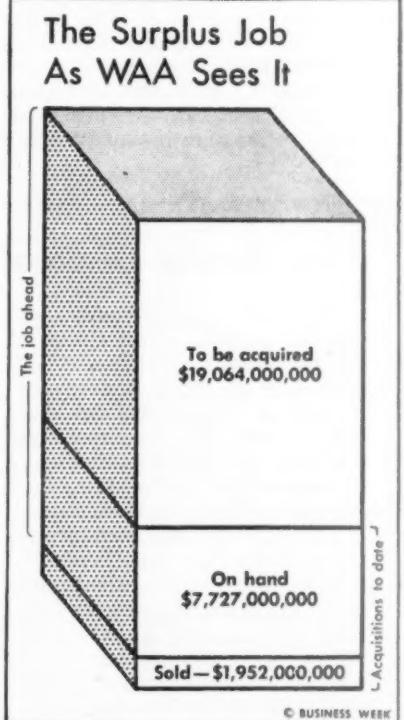
Nobody knows yet how much will prove salable or how much it will bring. As a guess, perhaps 40% of the production materials and 20% of the consumer goods will be completely unusable. The rest may bring an average of 30¢ to 40¢ on the dollar of original cost.

• **Agencies Bogged Down**—The fact that few businessmen have felt any repercussions from the surplus disposal program so far means nothing. The Army and Navy have been dragging their feet on release of surplus, and the disposal agencies have been bogged down in organizational and legislative troubles. As a consequence, the real disposal program hasn't begun yet.

In machine tools, for instance, only about 43% of the total amount that eventually will become surplus has been turned over to disposal officials. The government now owns approximately one-third of the country's 1,700,000 machine tools, but it still is taking inventory to see how many are general purpose and how many so specialized as to be useless for peacetime production.

In plant equipment and production materials, declarations through February represented less than 32% of the total that will be surplus.

• **To Cushion Shock**—WAC's inventory of electronic equipment reached \$306 million at the end of February, but the rate of declarations probably will step up to \$250 million a month by next September. All told, between \$2 billion and \$3 billion (original cost) worth of electronic and radio equipment will be released as surplus. This compares with



Liquidation of government-owned surpluses which originally cost about \$26,791,000,000 is the job that faces the new War Assets Administration, which is being formed by merger of the old War Assets Corp. and the Surplus Property Administration. As of Feb. 28, WAC had \$7,727,000,000 worth of surplus on its hands, not counting stocks overseas, scrapped aircraft, and probably unsalable aircraft. Anticipated declarations of additional surplus over the next year and a half add up to \$19,064,000,000.

a total output of \$276 million at manufacturers' prices for the radio industry in 1939.

The jolt to the radio producers will be cushioned, however, because a large part of the surplus will be so specialized that it will have no civilian use.

• **Seeking New Markets**—Manufacturers in some other lines may not have the same luck. Disposal officials already have spotted several items in which the surplus would be enough to drive all new production off the market. One such danger spot is bolt cutters and pliers. Another was fire extinguishers, but WAC is now working out a deal with the Dept. of Agriculture that may divert most of the surplus extinguishers to farm use, leaving the regular market untouched.

The fire extinguisher deal illustrates one of the main points that manufacturers will have to watch as the disposal program proceeds. What matters is not so much the quantity of the surplus as the method of disposal. The present market will soak up almost any amount of goods—provided they are fed in carefully—but even a fairly small lot dumped at the wrong time and wrong price could set every producer in the industry back on his heels.

Surplus Jeeps?

Yes, there were a few, but unless WAC gets some more from overseas, civilian version will have a pretty clear field.

Twelve veterans have applied for every jeep the military has declared surplus but, since only 12,000 new and used jeeps were in the batch, and War Assets Corp. doesn't know when, or whether, more will be declared surplus, the business is pretty stagnant.

Federal agencies got 532 and state agencies 288. Veterans have succeeded in buying about 6,500 at prices ranging from \$782 for the new 1943-44-45 models down to \$695 for 1942's and \$598 for 1941's. The rest are in process of sale, but civilians don't have a chance. Used jeeps range from \$400 to \$600. Civilian jeeps being made by Willys-Overland Motors, Inc., cost \$1,090, f.o.b. Toledo.

WAC asserts that the lack of speed in disposing of jeeps declared surplus is due in large part "to the policy of freezing jeeps for distribution to pri-

ority buyers and veterans, which to imply that the red tape involved in allocating the vehicles to these classes of buyers is what is holding up the works. January statistics are indicated WAC acquired 3,932 jeeps, disposed of only 449.

• **Purchase Procedure**—To get a jeep, a veteran goes to a regional office of WAC, and if he can show that he needs the vehicle in his business or on his farm, he gets a certificate of purchase. WAC puts his name on the list, and when the military reports that can actually be shipped to a disposal point, WAC writes the veteran.

At Belle Mead, N. J., buyers for Army mechanics ready to race and test cars before they bought, were irked because no provision was made to get them temporary plates for driving the jeeps home. Reports from sale in Kentucky tell of trucks with batteries and with empty gas tanks had to be bought "as is," but jeep drivers have been better managed. WAC had trouble getting jeeps uncrated for the Army, which is probably due to manpower shortages.

• **A Cooperative Trick**—In Louisville, dealer veterans have bought up purchase certificates from other veterans and obtained as many as 25 cars for resale. A cooperative trick that WAC does not know how to combat, since each man comes for his own car.

Most of the 700,000 jeeps made are still overseas and may never be brought home. Casualties are estimated at 50,000. The Foreign Liquidation Commission will decide if overseas jeeps are needed to rehabilitate European countries, the Philippines, and Japan, and there is much talk that this is the cheapest way to dispose of them. Such talk, of course, makes Willys-Overland happy, and causes the company to step up production of its civilian model from the 6,000 a month since Jan. 1, which is all the company has been able to turn out because of the steel strike. By May, Willys hopes things will be better.

• **Another Batch?**—Perhaps another batch of jeeps will arrive in San Francisco this month on the 31 Liberty ships expected to dock from the Far East with war cargoes that were never unloaded.

Second thought has apparently caused a lot of veterans to decide they don't want a military jeep after they've received the permit to buy one. At one sale only 60 of 160 notified showed up. WAC thinks some who didn't come have probably already spent the money elsewhere.

Wartime jeeps in civilian life have some disadvantages. Mileage is about 17 per gallon at 40 m.p.h.; a quart of oil lasts 300 miles. Parts will be a problem; the seats are uncomfortable; there is no power take-off. Truck bodies are expensive; axle clearance is only 5 1/2 in.

How Surplus Disposal Stacks Up

Much of the government's surplus disposal program still is up in the air, but statisticians have been plugging away in an attempt to get a measure of the job that lies ahead. This is how the domestic picture looks to the Statistical Progress & Reporting Division of War Assets Corp., as of Feb. 28, 1946.

"Acquisitions" represent the total

of declared surplus in this country to that date, "Inventory" the total unsold on Feb. 28, "Forecast Acquisitions" the expected future surplus declarations. Forecast acquisitions plus inventory gives the total disposal job (figures in millions of dollars). In addition to the domestic surpluses, there are approximately \$15 billion of goods overseas, not included here.

	Disposals*	Acquisitions*	Inventory*	Forecast Acquisitions	The Job Ahead
Total domestic agencies	\$3,570	\$14,349	\$10,778	\$20,153	\$30,931
Total, excl. nonsalable aircraft	1,952	9,680	7,727	19,064	26,791
Plants and industrial real property	326	3,188	2,861	5,412	8,273
Production materials and plant equipment	459	2,173	1,714	4,790	6,504
Machine tools	139	585	446	772	1,218
Electronics	15	321	306	931	1,237
Other production mat.	180	688	508	932	1,440
Other plant equip.	125	579	454	2,155	2,609
Consumer goods	658	1,718	1,060	3,700	4,760
Agricultural land	3	80	78	2,495	2,573
Aircraft, parts and components	394	2,180	1,786	-411**	1,375
Airports	0	0	0	1,100	1,100
In territories, possessions	13	55	42	1,004	1,046
Community facilities	0	60	60	540	600
Marine equipment	45	102	57	226	283
Foodstuffs, etc.	38	76	38	28	66
Mineral and grazing lands	0	29	29	171	200
Housing	16	19	2	9	11
Probably not salable aircraft	1,618	4,669	3,051	1,089	4,140

*Preliminary for February, 1946. **Anticipated withdrawal for scrapping.

Democrats' Choice

Party leaders will bank on New Deal slogans for election purposes, expect trouble but see no "logical realignment."

In breaking bread together at this year's Jackson Day dinners, worried Democratic bosses will invoke the spirit of Franklin Roosevelt rather than that of Andy Jackson. Confident that they will still have the southern vote in 1948, the party leadership will continue to play the New Deal tune.

Safety Move—The object, of course, is to build a front—or a camouflage—against attacks on its incumbent congressmen by the Left Wing, as represented by the C.I.O. and the P.A.C. Even in the South, it's a case of It Can Happen Here. The labor organizations have successfully invaded several large cities. Already beyond help are Rep. E. L. Lanham of Fort Worth, and Rep. Marion Summers of Dallas, both veteran congressmen who decided that their labor records would beat them in the primaries.

The defection of many Southern Democrats, who have joined with Republicans to block Administration measures in Congress, has prompted considerable discussion of party realignment, at the same time that it led Henry Wallace this week to make a futile call for a purge such as Roosevelt tried when he faced the same insubordination in 1938. Commentators cite an attempt in the House to formalize the informally effective conservative coalition as pointing to the possibility of conservative fusion on the one hand, and a liberal fusion on the other.

Logical But Unrealistic—Many agree that, logically, that's the way it should be, but in spite of Democratic intra-party fights, the leaders are sure that both New Deal and old line Democrats will continue to vote straight tickets. The war went some distance toward building up a two-party system in the south by reason of the influx of population from northern labor areas, but it will be years before this new class is strong enough to break down many of the local Democratic organizations.

Such local organizations have scarcely more than an academic interest in national issues. The South may send to Congress more men labeled Democrats who are committed to the Left position on such issues. But, conversely, southern conservatives, released from the magnetism with which Roosevelt gripped them in a unit with northern city machines and labor, are free to jump Truman's New Deal line without officially joining the Republican Party.



LIQUIDATING A PETROLEUM RESERVOIR

At Wilmington, Calif., a tractor ploughs its sticky way through 250,000 bbl. of petroleum residue that threatened to gum up a big salvage job. Before the war, the forest of timber columns supported a roof over a 2,000,000,000-bbl. reservoir of heavy fuel and asphaltic residue from Shell Oil's refinery. Now that improved methods permit more complete utilization of crude, Shell is demolishing the reservoir. The project almost bogged down in its own "goo," however, until a bulldozer and steam heat were introduced to set the mass in motion. Tractor and draglines "sweep up" the residue, which is pumped up and piped out under heat to the refinery—where it powers boilers. Shell also expects to salvage more than 1,000,000 b. ft. of lumber.

• **Wisconsin Homecoming**—Up North, the cause of "logical" party realignment got a terrific setback this week when the Wisconsin Progressives voted to return to the Republican banner. Although quite a few of Bob La Follette's followers voted to go with the Democrats, the Republicans will swing local, county, and state elections, and the majority of the Progressives want to be on the winning side. The chances are some of them will vote Republican on the state tickets, Democratic on national tickets.

• **"Republican Congress"**—Thus, with no structural realignment of parties in sight, Truman can count on the nomination in 1948, if he wants it, with no danger of a bolt by any part of the Roosevelt coalition. Leading Southern Democrats have already indorsed him, but the working realignment in Congress between conservative elements of both parties means that, for all practical purposes, the President has to deal now and for the future with what amounts to a Republican Congress.

Wallace proposes that Democrats who split with the Administration on major issues should be stripped of the party label which they need at election time. His suggestion is just a breeze in the treetops. Even Roosevelt wasn't

able to get away with any such feat.

• **Stymied**—So long as the Republicans fail to push an affirmative program, and are satisfied merely to block the Administration, the government is debarred from strong affirmative action on anything.

There's not much that Administration leaders in Congress can do about the situation. To cover the disintegration of their own position, they have unleashed an attack on lobbies—and with some justification, for the inability of the leadership to hold the Democratic rank and file in line behind the Administration opens the door to any pressure group, in or out of Congress, which has an ax to grind.

• **A Strategic Diversion**—Lobbying, in principle, is part and parcel of the legislative process. Government agencies are among the most active lobbyists. Labor and farm organizations are lobbyists. But what House Speaker Sam Rayburn and Chairman Adolph J. Sabath of the House Rules Committee mean by lobbyists is, of course, industry—any baker's dozen of trade organizations which may be trying to hold off the incursions of public power, trim down the Price Control Act, or what not.

As a picture of lobbying activities can

be made to look pretty horrible for public consumption, it's natural that an administration, which has lost its hold on Congress, should resort to this diversion. So one day you have Rayburn slashing at the utilities (BW-Mar.16 '46,p15) and the next, Sabath introducing a resolution for a special investigation of lobbies. The resolution probably will pass as a congressman can't afford to rush to the defense of lobbies, in general, even though he may be in entire sympathy with one lobby in particular.

No Changeover

Owing to production delays and heavy demand, auto industry probably will retain its current models throughout year.

Auto makers, striving to overcome the last obstacles to volume production in the industry, are planning to eliminate the normal summer changeover to new models. No 1947 series is likely to appear until after the first of next year.

• **No Time for Retooling**—The reasons for this prospect are: (1) All manufacturers have been so delayed in their schedules since last fall that they will be far from a full production run and from normal amortizing goals on tooling by summer.

(2) Demand has become greater, during past months, and no company wants to incur the ire of its dealers by shutting down for a month or two to switch model series.

• **Missing Year?**—Most manufacturers will bring out a car or two classified as 1947's, to maintain the appearance of a year-to-year changeover. But if car production on current lines continues until 1947 and demand stays heavy, companies probably will simply extend the runs until toward the end of the second quarter of next year, and then switch to 1948's.

This pattern was pretty well established last week end when the Ford Motor Co. announced that it would not introduce any 1947 models because of its lag in reconverting and resuming sustained production. The industry believes that with Ford acting as a bellwether other producers will do likewise.

• **Peak Output Delay**—Last fall, General Motors had expected to be close to peak production at this time. The loss of 113 strike days, plus additional time required to settle current disputes over local plant issues, extends the projection for peak output into late June.

Ford, meanwhile, is advancing steadily toward a 6,000-units-per-day schedule. Chrysler divisions are in a roughly parallel position.

Aboard for Coast

Transcontinental Pullmans, eliminating change at Chicago, offered through seven-road deal. Saving is comfort, not time.

Transcontinental Pullman service, long a goal of major railroads, has reached reality. Beginning Mar. 31, a drawing room passenger as well as Robert R. Young's much-advertised hog can "cross the country without changing trains."

• **Seven Roads Joining**—Rail time from coast to coast will not be reduced at the outset. Net gain to the passenger will simply be that he can spread out in one room for the entire trip.

Only eastern terminus for the new service will be New York. On the West Coast, it will extend only to San Francisco and Los Angeles. It will operate only through Chicago. The participating eastern railroads are the Pennsylvania and the New York Central. West of Chicago, the transcontinental cars will be routed over the Chicago & North Western, the Union Pacific, the Southern Pacific, and the Santa Fe. The Rock Island will come into the arrangement on June 2.

• **Waiting Time Remains**—Getting down to cases, a traveler leaving New York aboard N. Y. C.'s Twentieth Century at 5:30 p.m. on Sunday, Mar. 31, is scheduled to arrive in Chicago at 9:30 Monday morning. His Pullman will be shunted from the La Salle Street Station to the Dearborn Street Station, and coupled to the Santa Fe Chief, scheduled to leave at 12:01 p.m. for Los Angeles. He is due in Los Angeles at 11:50 a.m. Wednesday.

A Pullman passenger on the Broadway Limited of the Pennsylvania can reach Los Angeles in the same manner. Leaving New York at 6 p.m., he gets to Chicago at 10 a.m. Monday. There his car is moved over to the Chief, while he has the option of remaining aboard or taking a quick fling at Chicago.

While the time required between New York and Los Angeles (69½ and 69 hours, respectively) is not reduced by these operations, restoration of pre-war time schedules will shortly lop an hour off the New York-Chicago run, and reductions by the western roads are in prospect.

• **Choice of Routes**—Los Angeles-to-New York passengers will have two hours and five minutes in Chicago while their cars are being switched either to the Pennsylvania or to the New York Central under the initial tie-up.

The Pennsylvania also announced that it would have New York-Los Angeles service via the Rock Island and the

Southern Pacific (using the Golden State Limited), beginning June 2.

The New York-San Francisco service of the Pennsylvania, scheduled for Mar. 31, will be via the Chicago & North Western, the Union Pacific, and the Southern Pacific. The Pennsylvania's Golden Arrow and the C. & N.'s U. P. Overland Limited will be used.

• **Speedier Trains Coming**—New York Central, reported at midweek to be planning expansion of its transcontinental tie-ups "as required to meet demands of the traffic," was expected to match Pennsylvania's program.

Two of the western trains figure in the arrangements that are taking shape will cut their running time drastically on June 2. The Overland Limited and the Golden State Limited will shave their hours between Chicago and the Coast from 60-odd down to 49.

Service thus far outlined consists of all-room cars (bedroom, compartment, drawing room). Only extra fare trains are involved, but no additional charge is imposed for the new service.

• **The Young Angle**—Conspicuous but expectedly absent from any participation in the new rail hookups were the Young-controlled Chesapeake & Ohio and Nickel Plate. For geographic reasons, neither road has been an important originator of transcontinental passenger business, yet their joint advertising campaign (BW-Mar.9 '46,p5) has put them before the public as champions of coast-to-coast service.

Robert R. Young's reasons for making a cause celebre of this particular issue were not readily apparent. Was it only public relations? Did he, knowing that the new service was in the offing, simply decide to appropriate the publicity? Opinions in rail and financial circles were not unanimous.

• **Pullman Coup**—One theory was that Young sought simply to increase his prestige, as an aid in his efforts to acquire the Pullman Co. (BW-Mar.9 '46,p7). Another was that, as a big railroad operator, he had in mind the interest of all roads in their developing competition with the airlines.

Some observers recalled that Young last year filed a petition asking the federal court in St. Louis to order the Missouri Pacific Railroad to establish coast-to-coast passenger service in conjunction with the Chesapeake & Ohio (BW-Dec.15 '45,p20).

• **Who's Who Is Circularized**—That Young, whose latest move was to circularize the 30,000 names in Who's Who in America last week with a denunciation of stodgy rail policies, had prompted a speeding up of the plans for transcontinental service was widely conceded.

Whether his next move would be made via advertising or in some other arena remained to be seen.

Interagency Row

Reclamation Bureau wins
over Army Engineers in setting
surface height for pool above
proposed Garrison dam.

Two years ago when Congress seemed to be seriously considering the creation of independent authorities (modeled after the Tennessee Valley Authority) to develop river basins, the Bureau of Reclamation and the Corps of Army Engineers got together to fight the proposal. After they entered into a Congress-approved partnership agreement for a \$1,000,000,000 development of the vast Missouri River basin.

Feuding Again—A knockdown battle has just been concluded between the erstwhile partners, significant because it seems to signify that with Congress hostile to authorities, interagency feuding has resumed at the same old stand, and

because the Bureau of Reclamation, hitherto the junior partner, won the fight with a display of belligerence under its new commissioner, M. W. Strauss.

Army Engineers' plans called for a \$161 million earth dam across the Missouri River at Fort Garrison, N. D.—the key dam of the entire Missouri Valley plan. The Engineers wanted the dam built so that the pool above it could be operated at a surface height of 1,850 ft. above sea-level.

Reclamation officials protested, claiming this would endanger the town of Williston, N. D., and thousands of acres of present irrigation projects, which would be flooded unless extensive dikes were built. They were backed up by local residents.

• **Limited to 1,830 Ft.**—Upshot has been that the House has approved construction of the high dam, but has provided the water can't be raised higher than 1,830 ft. above sea-level, without specific future congressional authority. The Senate is expected to concur.



with better weight distribution, four-wheel brakes, all-weather insulation.



Prop Under Wool

Truman-endorsed program is expected to provide assurances that will prompt U. S. growers to rebuild their depleted flocks.

The outlook for woolgrowers has brightened with President Truman's endorsement of a long-range government program to subsidize domestic production.

The direct result of Senate committee hearings conducted by Sen. Joseph C. O'Mahoney (D., Wyo.) last November, the Administration's program calls for raising prices so that the parity price for wool will be on a level "equivalent to parity prices for other farm products." The growers want this to be at least an average of 41¢ per pound, the current average ceiling price paid by the Commodity Credit Corp. as the purchaser of nearly all domestic wools since 1943.

• **Spelled Out for CCC**—Real nuggets in the program are recommendations that CCC continue to buy domestic wool, but at—or over—the new parity price. CCC would have clear authority to sell at world prices, thus taking a loss but avoiding the accumulation of market-threatening stocks as during the war. Actually, CCC is now selling wartime wool at approximate world prices after dropping its sales prices twice in three months. Thus, the proposed wool program simply asks Congress to make certain that what has been done, on a more or less temporary basis, will be continued.

Although the Administration program was in direct response to pressure applied by wool's friends in Washington, it is by no means all that the growers themselves believe they need. Domestic wool-growing labor and other costs soared during the war and show no signs of letdown. As a result, sheep numbers have dwindled 25% in the past four years, in spite of record wool textile production.

• **Robertson's Bill**—Advanced as an all-out solution is a bill by Sen. Edward V. Robertson (R., Wyo.) whereby the government would buy both domestic and foreign wool, and sell both at a mean price, controlling the American market. But growers, practiced in politics, are more likely to support the Truman program. Though less favorable to them, the Administration measure stands a better chance of becoming law. Now being drafted, it will probably be introduced by Sen. O'Mahoney in a few days.

Liquidation of domestic breeding stock has gone so far that an upturn will be two years in coming. Further-

more, there is the possibility, never discounted by growers, that the State Dept. may lower the tariff in the interest of international trade relations.

But the news from the White House is good. American wool will fight for its subsidy.

Phony Training?

Veterans' vocational aid will be checked more closely as a result of union charges. Regular inspection slated.

Veterans Administration inspectors will undertake strict supervision of job-training programs and vocational schools for veterans as a direct result of organized labor's charges that "fly-by-night, gyp-joint" establishments and low-pay employers threaten to make a scandal out of the government's plan for retraining discharged servicemen for peacetime civilian jobs.

• **No Standards Set**—Under the G. I. Bill of Rights, veterans are allowed \$65 a month subsistence—\$90 if they are married—during apprenticeship or job-training in business or industry. If they prefer a vocational school they get the subsistence allotment and the government pays up to \$500 annual tuition. But when the law was hastily drafted, no standards were set for training programs or schools. State educational agencies were given sole jurisdiction over which plants or schools would be accredited.

By Mar. 1 more than 44,000 establishments (employers and schools) had won the right to participate in the federal

program. On that date 38,952 veterans were getting on-the-job training; another 167,185 were in schools.

• **Same Old Charges**—And by Mar. 1 the same complaints which had been heard at the end of the first World War were being raised again: "Phony" schools were being accredited to give dubious, unsupervised training and collect the government's \$500 a year; many employers were using veteran "trainees" as a form of subsidized labor in low-wage "sweatshop" production.

Garages were criticized most frequently for hiring G. I. mechanics, classifying them as apprentices, and letting the government subsistence allowance offset a part of the normal payroll. The International Typographical Union (A.F.L.) complained that some "printing schools" were giving slipshod training and using trainees' unpaid labor to do low-cost commercial work in competition with printers maintaining union standards.

• **To Make Inspections**—Last week end the Veterans Administration formally recognized validity of the complaints by announcing that, while it cannot encroach upon the states' rights to accredit plants and schools, it intends to withdraw subsistence pay in the future from veterans not making satisfactory progress in legitimate training courses—that is, toward a definite job in a reasonable time.

Administration inspectors will check on all trainees once a month, and will require employers in on-the-job training programs to give written statements of their objectives. Veterans whose subsistence is withdrawn because the training offered them is considered inadequate by VA may regain their monthly

allotments by transferring to more liable schools or employers.

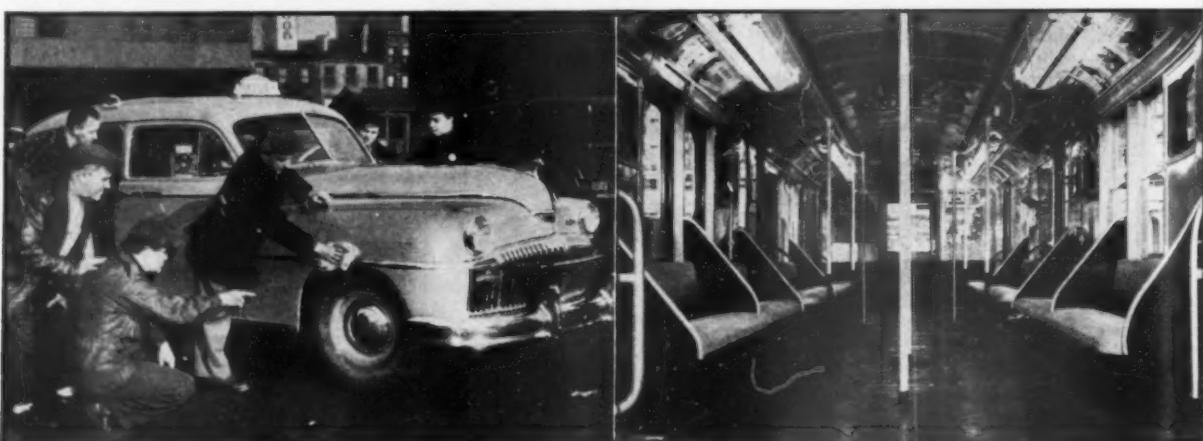
• **Many Excellent Programs**—Special attention will be given to on-the-job trainees, and particularly those not under established apprenticeship programs—such as model ones in railroad shop and construction trades, approved by VA itself for veterans.

The goal is to weed out the "phony" and build up opportunities in legitimate programs. Major airlines, for instance, are giving mechanics, some flight crews, job-seekers, and office personnel excellent job-training. In Hollywood, Calif., veterans are learning motion picture work under sponsorship of studios and the Screen Cartoonists' Guild. The National Retail Furniture Assn. is serving as a clearinghouse for job-training opportunities for veterans as upholsterers, cabinetmakers, radio repairmen, and polishers. A similar program is being pushed by the influential National Retail Dry Goods Assn.

• **Experimental Store**—Many retailers are cooperating. Henry Modell, New York City wholesaler of military surplus goods and operator of three retail stores, has opened an experimental "veteran-operated" laboratory store to teach veterans retailing at a \$35-a-week base wage to which is added their government subsistence.

The New York Division of Veterans Affairs recently reported 2,500 applications on hand for the Modell-type training program, said thousands of ex-servicemen already are working under such arrangements.

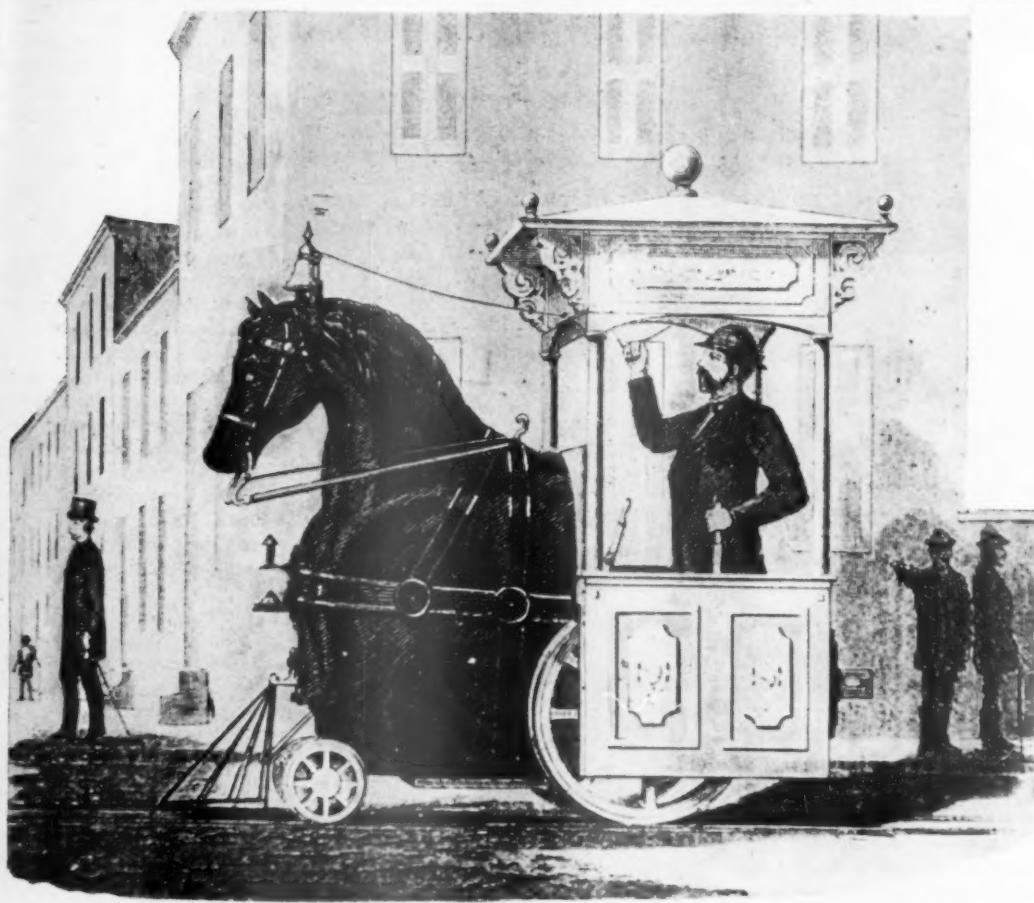
• **May Mean More Money**—Popularizing the job-training plan are (1) its prerequisites are less exacting than those of trade and vocational schools; (2) it



HAPPY DAYS AHEAD FOR NEW YORK RIDERS

New York's long-suffering straphangers may one day ride in relative luxury—when, as, and if the hotly debated subway fare rise goes through. The mockup of a new subway car (right) is among considered arrangements with which the city hopes to improve its rolling stock by

early 1947. Fluorescent lighting, improved ventilation, wider doors are features of the underground "dream" car. More tangible good news for Gotham's travelers is the 1946 De Soto taxicab (left), whose sleek lines evoke cabbies' praise. Terminal System has ordered 600 to replace its war-worn fleet. About 60 are in operation; Terminal hopes to have them all in two months.



Steam Horse for Street Railways,
devised by Mr. S. R. Mathewson
of Santa Clara County, Calif.,
and published in a newspaper of 1876.

Trottin' trolley

When trolley cars first traded in Old Dobbin for an engine, they caused a great commotion. Horses shied and traffic stopped and all heck broke loose.

One bright soul proposed the compromise above. A "camouflage" on the machine to make it look more friendly! Good for a laugh, now . . . and for showing you how far folks can go to multiply confusion.

For our part, we've an idea that confusion can be banished, and by much simpler means. Specifically,

the kind of confusion which exists so often when *payrolls* are prepared. With the Comptometer Check-and-Payroll Plan, complex routines are over. The job is quick, free of details, easy and *direct*.

Unique among all other systems, this plan eliminates perpetual posting and filing. It requires merely a payroll check or a cash envelope. With less paper work, less waste motion . . . you finish the payroll and get checks to employees *fast*. It makes full use of your present

machines, saves manpower . . . and money!

Your nearest Comptometer Company representative will be glad to explain these facts fully.... The Comptometer, made only by Felt & Tarrant Manufacturing Co., Chicago, is sold exclusively by the Comptometer Company, 1733 N. Paulina St., Chicago 22, Ill.

COMPTOMETER
REG. U. S. PAT. OFF.

Adding-Calculating Machines and Methods



AIR CARGO SERVICE...AND YOU

Here, at Air Cargo Transport, we're convinced that *experience in the air* is vital. That's why we've staffed our organization with men who've proven their CARGO-flying ability . . . men who are more than adequately equipped to fly *your* cargo *anywhere*.

Typical of these superbly-trained, experienced people is our Superintendent of Operations. An ex-Lt. Colonel with the Army's ATC, he did an extended tour of duty at Karachi, India, with some 1300 planes directly under his wing. (This, after spending 14 years in maintenance and operations with two major American airlines). Today, this man supervises our entire fleet of Sky-Vans.

Interesting, and important, too, is the fact that most ACT pilots have seen service either as Army and Navy transport or bomber pilots in all the major war theatres . . . from "Flying the Hump," to the Balkan "Milk

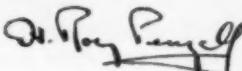
Runs." In addition, all these pilots have airline ratings.

Modern airmindedness typifies the thinking of the entire ACT organization. Our personnel manager made a brilliant record as a B-24 pilot and an administrator. Our check pilot, a former airline man, distinguished himself during the war as a test pilot. ACT maintenance men held similar jobs with the Army or Navy. And so it is with the entire ACT organization —men working at peace in the same jobs they did so well during the war.

These are the competent, fully experienced men who've proven their ability flying and servicing military cargo . . . men who've been chosen by ACT for their training, ability and spirit.

These are the men whose priceless experience and know-how are at *your* disposal when you ship your cargo by air . . . via ACT.

WHEN TIME COUNTS...ACT


Dr. Roy P. Powell
PRESIDENT



AIR CARGO TRANSPORT
CORPORATION, EMPIRE STATE BLDG., N. Y. C.

training is not bound by school room limitations; and (3) it can mean more money, at the start, than many veterans could get by fuller use of their skill and seniority allowances.

That means simply that many veterans eligible to do journeymen's work are asking to be classified as apprentices or trainees so that they can claim on-the-job training benefits, for which they would not be eligible as journeymen. The \$65 or \$90 a month often is more than the difference between a prentice and journeyman classification.

Employers who have argued that classifying the veterans as apprentices instead of journeymen constitutes faking a training program to get extra funds for veteran-employees have found that in many instances their unions were backing the downgrading. The argument was that VA encouraged such practices to open up more outlets for veterans on-the-job training. VA found it necessary to deny this vigorously.

• **Open Invitation**—Many servicemen during the past several months, in which job-seeking became a serious problem, added a new complication to VA's determination to clean up its job-training program. Veterans' newspaper job wanted advertising recently has featured a willingness to "take advantage of on-the-job training in public accounting or for 'apprenticeship under the G. Bill of Rights as mechanic.' While in many instances there is an honest desire for training, there is an open invitation implied to work for less and let the government make up the difference.

FASTER COLOR FILM

A color-negative film which may necessitate radical alterations in the merchandising policies of Ansco division of General Aniline & Film Co. now is undergoing experimental studies. The new film also may be the means by which Ansco hopes to break into the color motion picture business (BW Feb. 9 '46, p40).

Assertedly 50% faster than its currently available competitors, the film is expected to make color photography more attractive to amateurs.

Unlike Eastman Kodak Co., which offers processing service for its Kodachrome and Kodacolor films, Ansco has steered clear of the processing business. Its color films have been sold to advanced amateurs and professionals who often prefer to develop their own exposures.

Box camera addicts generally are not equipped to do this tricky job. To give them good color prints and to forestall unwarranted complaints against the film, Ansco may have to (1) establish its own color film processing service, or (2) set up a system of "approved" local or regional processing companies.



"This is one place where everybody has a future!"

I like to work here. It's one place where everybody has a future.

"A fellow like me who's been through the mill can look forward to retirement because of our pension plan. That's an important part of my future.

"And through the retirement of older men like myself, younger men like you can look forward to regular advancement. So the retirement plan provides you with a future. The way I look at it the company will have a better future, too, because we work with our minds reasonably free of the usual worries about tomorrow."

Right now, conditions are extremely favorable to the installation of a sound pension or retirement plan. Should your firm be considering one, you will profit by getting the detailed story of the plans offered by the John Hancock.

John Hancock plans are broad in scope and unusually flexible. They can be readily adapted to meet the needs of virtually any size organization.

Your local John Hancock agent will be glad to cover all details with you at no obligation. Should you prefer, write to the home office of the company. Your letter will receive our immediate and careful attention.





Toy Trouble

Prewar items are on display again, but quality merchandise is hard to get as 4,000 buyers jam the American Toy Fair.

The four thousand buyers who milled around manufacturers' exhibits at the American Toy Fair in New York last week soon discovered that getting merchandise is still not child's play. Although many prewar items are back, quantities are limited and demand is great.

Said one foot-weary pilgrim to the permanent showrooms at 200 Fifth Avenue, "Sure you can get merchandise—if they've got something that's high priced and no good."

• **Standard Lines Short**—Other buyers supported this cynical appraisal, pointing out that most standard lines of toys—especially those of better-than-average quality—were still on allocation. Not a few buyers had been prowling around manufacturers' offices two or three weeks before the show opened. Their watchword was, "Ship when ready," although deliveries are improving.

Nevertheless, Christmas, 1946, is expected to be the first "normal" toy season since 1941. Shortages of metal, rubber, wood, and other materials are still a handicap, but the industry's 1946 dollar volume is estimated at \$240 million by the Toy Manufacturers of the U.S.A., sponsors of the show. That will be a 30% improvement over 1945 and about the same as 1941. In war

years dollar volume dropped, chiefly because of the lack of big-ticket items such as bicycles and electric trains.

• **"Casualties" Back**—These and such other wartime casualties as doll carriages, rubber balls, and room-to-room toy telephone sets are back this year, though not in the volume buyers would like. "Mama" dolls and crying dolls are again available, but doll production in general is hampered by shortages of textiles. Many small toys that were made of cardboard last year are now available in metal. Steel toy manufacturers hope to deliver 90% of their production by Christmas, but their lines will have 25% fewer items than before the war.

Exhibits included many items that reflected current events: for example, an electrically operated automatic repeater cannon and a magnetically controlled pin ball game, both made by Electronic Laboratories, Inc., Indianapolis (BW-Oct. 13 '45, p38), and a "Radarons" version of the perennial counter-moving parlor game made by American Radar Corp., Brooklyn. New, also, were electric trains that puff smoke (BW-Jan. 26 '46, p40).

• **1945 Prices**—Although price ceilings have been lifted on most toys except wheeled goods, the majority of exhibitors claimed to be selling at 1945 prices. Some admitted to 10% increases at wholesale levels.

The record number of buyers at the show—4,000 against a normal attendance of 3,000—was due primarily to the abnormal demand for merchandise, but there was another reason for the presence of 700 exhibitors instead of the usual 450. Of the 2,300 firms now pro-

An F. W. Dodge survey in the last normal building year found that nearly 7 out of 10 new-home-building families read Better Homes & Gardens magazine regularly.

Which means simply that when people reach the *active* homemaking stage, they become BH&G readers.

What does that tell you about the entirely new value of Better Homes & Gardens for you when *more people than ever before in history* are reaching the *active* homemaking stage right now?

CIRCULATION OVER 2,650,000

**THERE'S
market
NO PLACE
LIKE HOME**

— and no place like Better Homes & Gardens to sell everything that goes into homes



Newcomer at the Toy Fair was an 18-key, 6-lb. organ made by Electoy Div. of Electronic Laboratories and said to sound like a big one. It operates on the same principle as a Hammond, uses 110-volt house current. One knob turns the current on, the other controls volume. Price—subject to OPA—\$29.95.

"Day-off" weather every day, indoors!



The kind of weather you hope for on holidays... when you want the air to be crisp and winy... can now be yours for every day *indoors*.

A new kind of air conditioning is coming your way — Worthington air conditioning — that lifts the weight off your shoulders and puts a spring under your toes. You'll feel more like doing a good day's work at the shop or office — and enjoying yourself in a restaurant or theatre... because the air will be light and zesty, the dirt removed and the temperature just right. And never again will you be exposed to that clammy chill you've felt with "old-fashioned" air conditioning.

It will pay you, if you're in a business where the comfort of workers, shoppers, visitors, or audience is important, to get the news about Worthington air conditioning from a Worthington distributor.

Making more of the vital "innards": compressors, engines, turbines, condensers, pumps, valves, fittings — Worthington is better able to give you *integrated* air conditioning. Whether you require a unit conditioner or a completely-engineered system, you'll find there's more worth in Worthington.

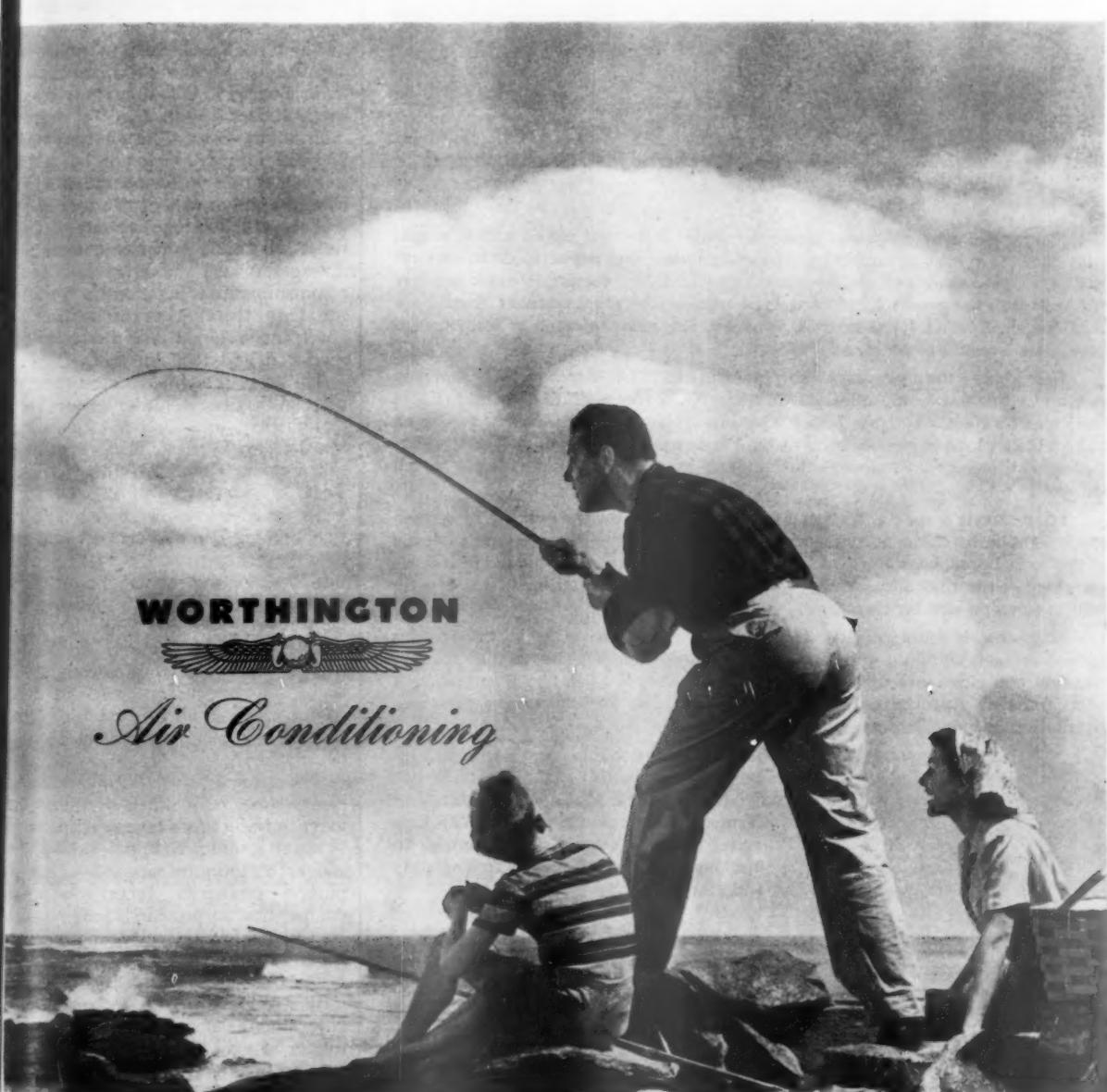
Worthington Pump and Machinery Corporation, Air Conditioning and Refrigeration Division, Harrison, N.J. Specialists in air conditioning and refrigeration machinery for more than 50 years.

A6-3

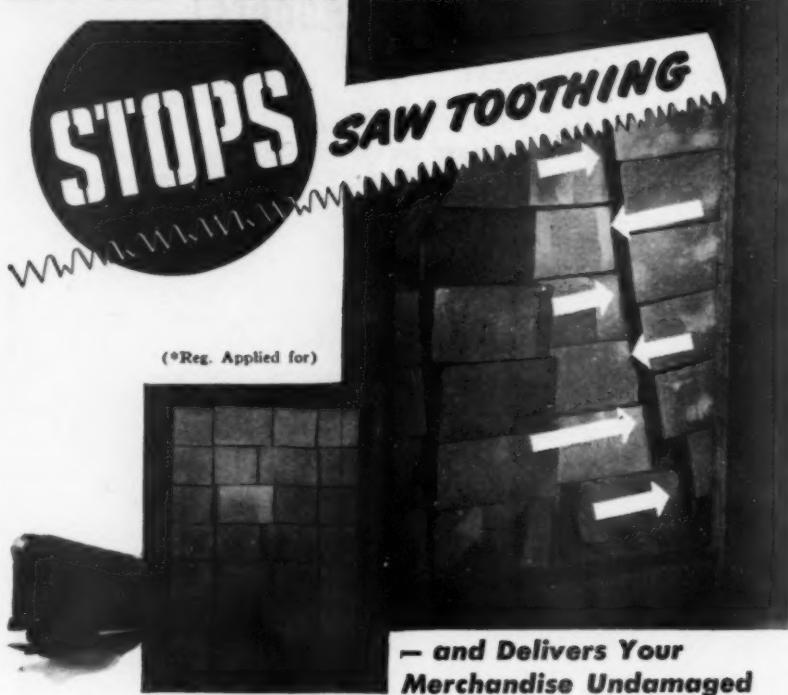
WORTHINGTON



Air Conditioning



LOAD-LOK* ADHESIVE



Study the damaged shipment photo carefully. Note the jagged carton edges. That's saw-toothing . . . caused by subjecting loose, unglued carloads to vertical oscillation, side sway and car movement shocks. Every carton damages another carton. Here's the proof: 1,116 cartons of canned food shipped from Mississippi to Michigan. Result? 1,102 cartons damaged. Shipment rejected at cold storage warehouse because of mold, odor risks.

Next, study the *undamaged* shipment photo. This shipment was properly unitized with LOAD-LOK Adhesive. Contents: 1,524 cartons of bottled brandy. Distance: California to New Jersey. Outturn Report: "No shifting of lading en transit. Entire load in general good order. No exceptions taken on delivery." That means no breakage . . . clean, safe handling merchandise that'll display well, sell well!

LOAD-LOK is a special National adhesive. It *unitizes* the loading of canned goods, light bulbs, china, bottled goods and all other fragile or crushable materials—in cartons, boxes, bags. Carload and truckload shipments are *unitized* into floating glued loads that successfully withstand all shipping stresses and greatly reduce dunnage and bracing costs.

LOAD-LOK is automatically applied in two parallel strips to the bottom surface of each shipping unit . . . which is then lifted off the regular loading conveyor and glued into the *unitized* load. Unloading is easy, fast. The glue cost is insignificant. And the only equipment required is an inexpensive glue pan installation on your loading conveyor.

LOAD-LOK has been endorsed by leading carriers. Full details are available in a new handbook: *GLUED LOADS*. Write for your copy—**NOW!** Offices: 270 Madison Avenue, New York 16; 3641 So. Washtenaw Avenue, Chicago 32; 735 Battery Street, San Francisco 11; and other principal cities. In Canada: Meredith, Simmons & Co., Ltd., Toronto. In England: National Adhesives, Ltd., Slough.



National
ADHESIVES

EVERY TYPE OF ADHESIVE FOR EVERY INDUSTRIAL USE



ducing toys, about 1,000 are companies that rushed into the business either because (1) the war eliminated their normal products; or because (2) they wanted to take up war-expanded productive capacity after military contracts tapered off.

Many of these firms came to the Toy Fair to help cinch their peacetime market, well aware that casualties in their ranks are inevitable once old-line manufacturers get into full production and buyers become increasingly choosy.

Rubber Program

Report by Batt interagency group follows line laid down by industry advisers. Early sale of some synthetic plants favored.

The U. S. should keep in production regardless of cost or need, the capacity to produce 250,000 long tons of synthetic rubber a year.

Facilities to turn out another annual 350,000 long tons should be held in standby condition for operation only in case of another rubber emergency.

This 600,000-ton capacity (half of the \$700 million synthetic total built during the war) should go into private ownership and operation in the long run. Until this transfer can be made, the government should take the responsibility for it and foot the bill.

These are the chief recommendations of a Washington Interagency Policy Committee on Rubber, chairmaned by William L. Batt, U. S. member of the wartime Combined Raw Materials Board.

• **Advice Heeded**—As predicted (BW- Feb. 9 '46, p21), they check closely with those recently turned over to the Administration by rubber manufacturers serving in an industry advisory committee on the synthetic problem.

The interagency group thinks that some types of government-built synthetic plants could be sold forthwith. Among such it lists the butyl, styrene and certain of the specialty chemical plants. It thinks that others, including the butadiene and copolymerization plants, must be retained by the government until methods have been perfected to assure sound private production of an adequate minimum amount of general-purpose synthetic. It expects private competition to provide a long-range incentive to develop better methods and lower costs.

• **For Congress**—The interagency committee wants Congress to continue the government's power to allocate natural rubber to manufacturers and to control specifications of rubber products until crude rubber is in ample supply. It

charges continued international pooling and allotment of natural rubber. It wants the government to coordinate rubber activities under a director, to keep up its own research and to encourage private experiment.

By July, Chairman Batt hopes to place before Congress specific proposals for attainment of the objectives which his group has just laid down.

Buffalo's Worry

Industrial city had counted on diversified peacetime business to balance employment, but thus far jobless lists are soaring.

When peace came, highly industrialized Buffalo, N. Y., was not overly worried by its immediate 50,000 drop in employment (BW—Sep. 1 '45, p17). The city was confident that diversified peacetime industries would soon restore the balance between jobs and workers, and that unemployment compensation bolstered by wartime savings would tide workers over in the meantime.

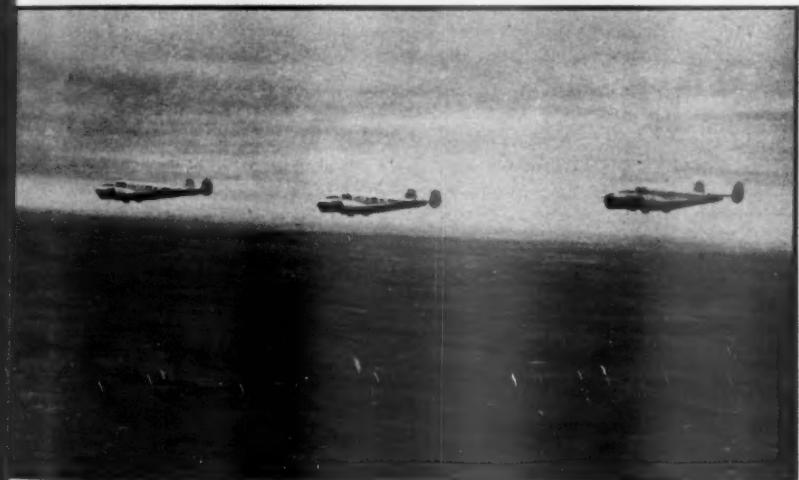
Compensation Ending—Now, however, Buffalo's Civic Full Employment Committee has real reason to worry. The 26-week period allowed in New York state for unemployment compensation payments is ending for 1,000 persons daily; if anything, the job prob-

lem is more acute than it was six months ago.

Total employment, influenced by returning veterans, has shown steady, but slight, gains from a postwar low on Sept. 1, 1945, but unemployment—as reflected by compensation claims—has soared: 12,500 Sept. 1 to 47,800 Jan. 19, and 55,068 Feb. 23. Almost all are unskilled or semiskilled workers; 65% are women. Job offerings have declined only slightly, from 4,500 on Sept. 1 to 3,400, but almost all are in unpopular low-pay, heavy industries. Office, clerical, sales, and professional workers' jobs are almost impossible to find. Domestic help is available again but expensive.

• Many Are Displaced—"Exhaustions"—elimination of those who have received all compensation due them—now will be reflected in a declining unemployment compensation roll, but on an average 350 veterans a day are being added to compensation claimants and other returning servicemen are displacing non-veteran workers. During the month which ended Jan. 19, a total of 2,400 veterans reclaimed old jobs in Buffalo, and 1,700 male workers were displaced.

What is going to happen to those now leaving the unemployment compensation roll is an open question. There is a lot of hopeful thinking in the employment committee that many women and over-age workers who remained "employable" only in order to collect compensation now will leave the work force.



LITTLE PLANES OVER THE BIG WATER

Claiming to be the first aircraft company to make a postwar foreign delivery, Beech Aircraft announces that three of its twin-engine Model 18 Beechcraft (above) have landed safely at Cairo, Egypt, after a 13-day flight from Wichita, Kan. Following a trail blazed by Army Air Forces, the trio flew to Brazil—via Miami, Puerto Rico, and British Guiana—for the 1,900-mi. hop to Dakar, and thence to Cairo. There they'll operate on routes of Misr Airworks, which is also Beechcraft distributor for the Middle East. The seven-passenger ships are counterparts of Beech's executive transports (BW—Dec. 15 '45, p21), which cost upwards of \$59,000 and have top rating in Beech's output program.

MARKETING INSURANCE

FOR YOUR FROZEN FOODS



14 scientifically operated "City Ice" warehouses . . . strategically situated . . . provide you with split-second marketing control over your frozen foods and other perishables, in 12 key consuming areas.

14 GREAT CITY ICE

COLD STORAGE WAREHOUSES

JERSEY CITY, N. J.
Seaboard Terminal & Refrigeration Co.

HORNELL, N. Y.
The City Ice & Fuel Company

PITTSBURGH, PA.
Federal Cold Storage Co.

CLEVELAND, OHIO
Federal Cold Storage Co.

COLUMBUS, OHIO
Federal Cold Storage Co.

DECATUR, ILL.
Polar Service Company

ST. LOUIS, MO.
Federal Cold Storage Co.

CHECK YOUR SPACE REQUIREMENTS with "City Ice" headquarters, or contact the City Ice System Warehouses in the markets that interest you. Ask for a copy of the latest "Tariff & Directory."

ST. LOUIS, MO.
Mound City Ice & Cold Storage Co.

NATIONAL STOCK YARDS, ILL.
North American Cold Storage

SPRINGFIELD, MO.
Springfield Ice & Refrigerating Co.

KANSAS CITY, KANS.
Federal Cold Storage Co.

TULSA, OKLA.
Tulsa Cold Storage Co.

GALVESTON, TEXAS
Galveston Ice & Cold Storage Co.

PHOENIX, ARIZ.
Crystal Ice & Cold Storage Co.



CITY ICE & FUEL
Company

COLD STORAGE DIV.

33 S. Clark St., Chicago 3

COAL & FUEL OIL

Fifty-five modern "City Ice" coal yards serve thousands of homes and industries throughout the country.





How compare?

Not comparison, but only contrast is possible between 'Budgit' Chain Blocks and all others.

Begin with lifting! Budgit's lift much easier with less effort. Why? They have anti-friction bearings throughout and all working parts, including the automatic load brake, operate in grease in a sealed housing. Dust and grit cannot enter. Lubrication cannot escape.

Portability! A 'Budgit' of two-ton capacity weighs only 81 lbs. Any other chain block of similar type and capacity weighs so much more that one man would need to be a Samson to lift and carry it from job to job. This light weight is achieved primarily by new design, the use of steel stampings and alloy steels.

Wherever loads must be lifted by hand, 'Budgit' Chain Blocks will lift them easily, quickly.

'Budgit' Chain Blocks are built to lift up to 1/4, 1/2, and 2-ton loads. Prices start at \$59.50 list. Send for Bulletin No. 357 for more detailed information.



'BUDGIT' Chain Blocks

MANNING, MAXWELL & MOORE, INC.
MUSKEGON 5, MICHIGAN

Builders of 'Show-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

Funds for Farms

Demand for low-interest, long-term government loans is far ahead of available funds. Repayments exceed maturities.

In 1933, when farmer Frank Mitchell and his wife moved from South Dakota to Yellow Medicine County in Minnesota, the thing they wanted most of all was a farm home of their own. But like thousands of other farm laborers—and farm tenants and sharecroppers—they couldn't get anyone to advance them the necessary credit.

• **Aid From Congress**—Four years later, in 1937, Congress passed the Bankhead-Jones farm tenant act to help people like the Mitchells and to add to the stability of farming in America. From the Farm Security Administration, Frank Mitchell obtained a long-term, low-interest loan to buy a 160-acre farm near Canby, Minn. Now, he's one of the 2,000 or more persons in Minnesota and one of the 38,000 in the United States who have been helped by the government to own farms of their own.

Riding the upswing of the business cycle—and benefited further by wartime demand for farm products—total repay-

ments on these loans have run ahead of schedule.

• **Repayment Record Good**—As an example, through June 30, 1945, collections came to approximately \$67 million as compared with maturities (principal and interest) of some \$52 million. Later figures are not available, but the subsequent trend of payments by borrowers appears to have been even more favorable.

For the same period, there have been 4,500 defaults in principal or interest or both, totaling less than \$1 million, an average of about \$220 per delinquent.

Between the time the farm tenant act was passed and the end of 1945, farm tenants, farm laborers, and sharecroppers have borrowed upwards of \$220 million from the FSA for the purchase of farms. Loans run as long as 40 years, carry 3% interest on unpaid principal and are given only when the applicant can't get a loan from private sources.

• **Demand Exceeds Supply**—Applicants for such loans—which have a top limit of \$12,000—go before an FSA county committee of three successful farmers who look into their character, ability and experience, and decide whether the price of a given farm is in line with its long-term earnings prospects.

Year in and year out, the FSA program has generally operated close to capacity; its roof is the amount of fund



HANDY LILLIPUT CARRIER FOR LITTLE LOADS

Needing a miniature dump truck and unable to find one, W. D. Street hied himself to the machine shop on his Romoland (Calif.) poultry farm. Fruit of his efforts is a midget with a 3-hp. aircooled engine under the seat and hydraulic cylinders—motor operated—that can dump loads of chicken feed with the finesse of a five-ton counterpart. Weighing just 600 lb., the diminutive dumper boasts transmissions from two old cars, frame parts from two others, clutch from one of them, and wheels and tires from a motor scooter.

OZALID does these jobs in seconds!

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Reproduces Engineering Drawings or other translucent originals as any one of ten different types of positive (not negative) Ozalid prints.

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You make the type of Ozalid print best suited for the job at hand—in just two steps—Exposure and Dry Development.

2.



Produces Beautiful Advertising Posters and Direct Mail Folders without engravings or make-ready. Your ideas can be in printed form, in the desired number, ready for distribution—the same day they originate.

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Copies Continuous-tone Photographic Material without loss of tonal values. OZALID DRYPHOTO prints actually are more vivid, have more sales appeal. What's more, transparent film overlays—in different colors—can be made to show relation of various features of your product.

OZALID does these jobs in seconds . . . because it employs a dry development technique which simplifies printmaking . . . and permits the processing of practically every type of material.

You'll find many additional uses for Ozalid prints on paper, cloth, foil, and film—as all departments will use them

to save time, labor, and materials.

OZALID MACHINES are available for all production requirements . . . and can be operated efficiently by anyone.

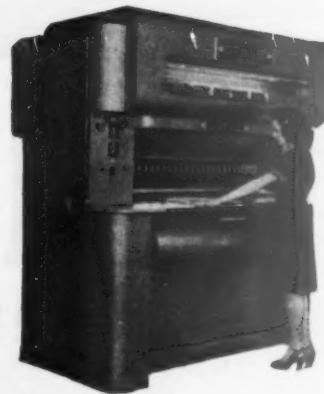
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OZALID

DIVISION OF GENERAL ANILINE & FILM CORPORATION
JOHNSON CITY, NEW YORK

Ozalid in Canada—Hughes-Owens Co., Ltd., Montreal





A Good Product Display always gets results

A package that offers complete protection, yet displays your product invitingly, is a proven formula for increasing sales. Today such wrapping is both practical and economical, thanks to the achievements of our engineering staff.

For example, our Model FA provides a firmly-sealed wrap for crackers, tomatoes or other fruits and vegetables, clothes pins, tooth brushes, etc., at the cost-saving speed of 90 packages per minute. Moreover, we are now building machines capable of wrapping many items heretofore sold in bulk, such as towels, sheets, underwear, hosiery, etc.

Why not give your product the advantage of this modern sales-winning wrapping? Consult our nearest office today for full particulars.

A Wrapping Machine for Every Purpose

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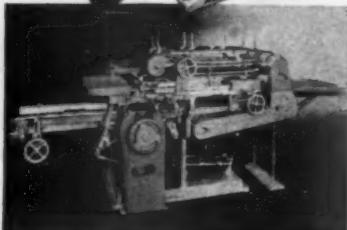
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PACKAGE MACHINERY COMPANY

Over a Quarter Billion Packages per day are wrapped on our Machines



The Model FA, most widely-used wrapping machine in the entire packaged-goods field, is adjustable for many different package sizes.

made available by Congress annually. Demand for such loans has consistently run ahead of supply but, in recent years, FSA has found it increasingly difficult to employ the last dollar of funds at its disposal because of the sharp run-up of farm values.

Biggest share of loans through the end of 1945 has gone into states that have the biggest proportion of farm tenancy and farm population, such as Texas (\$22 million), Georgia (\$16 million), and Mississippi (\$15 million). By contrast, loans in New York and Pennsylvania each have been less than \$3 million.

• For Veterans, Too—Last summer, Congress amended the G. I. Bill of Rights to make veterans with farming experience eligible for these loans and earmarked \$25 million—enough for an estimated 4,100 loans—for this new part of the program. Including the provision for veterans, total appropriations in the current fiscal year came to \$50 million.

The same amount, and the same arrangement for the qualified G.I. who still has the gleam of farming in his eye, has already been recommended for the coming fiscal year by the House Appropriations Committee.

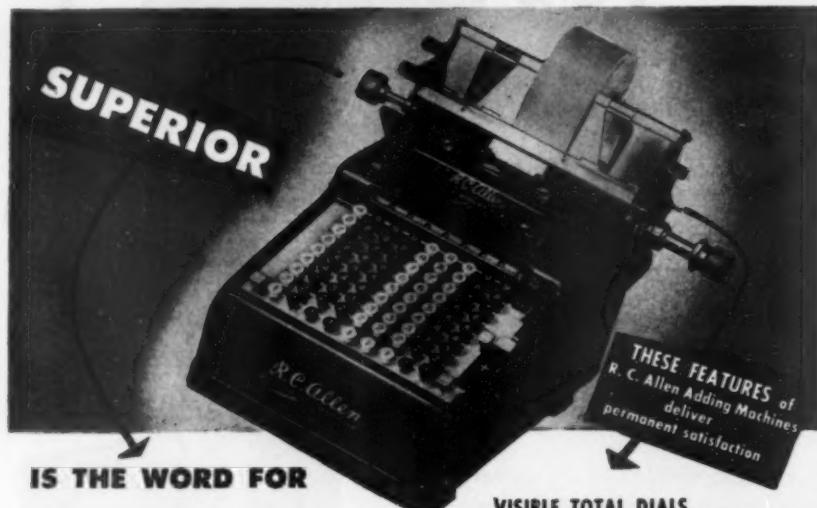
RAW MOVIE FILM IS SHORT

The motion picture industry is gravely concerned over the shortage of raw film—especially the positive, on which release prints are made for theaters. Unless supplies improve within the next three or four months, fall and winter releases will be jeopardized.

Eastman and du Pont are assuring movie producers and distributors that supplies will be back to normal within 60 to 90 days. Despite this prospect, the warehouses of both manufacturers were reported entirely barren of several types of positive film as of Mar. 15.

The shortage is attributable to several factors. Most important are overall capacity and manpower. During the war, both Eastman and du Pont went on 24-hour-a-day schedules to meet demands, both private and government. It takes as much as six months to train new workers to fabricate film in darkness or subdued light. Many so trained were wives of servicemen, and they left their jobs in droves when the men came home.

Although the armed services dropped film footage requirements considerably, the opening of European countries for reestablishment of distribution of American pictures took a substantial amount of footage for prints. Also, the American producers who had operated during the war under War Production Board film quotas generally stepped up number of prints with the release of rationing.



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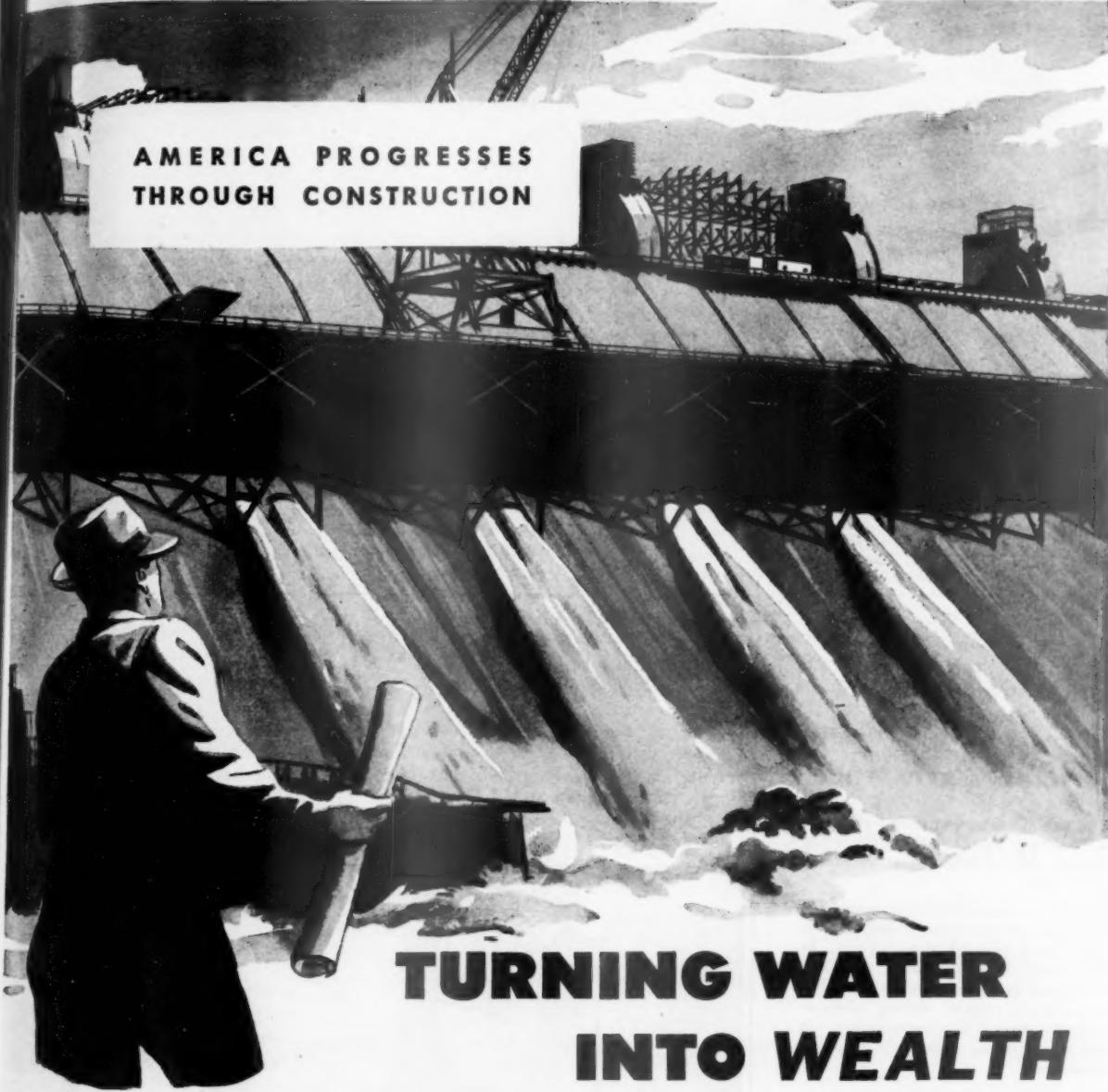
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THROUGH CONSTRUCTION



TURNING WATER INTO WEALTH

Control of water helps to develop and conserve the wealth of the nation existing in natural resources.

Such control properly exerted will produce wealth in three ways: by irrigation of 22,000,000 additional acres of land; by developing navigation of rivers; by making available tremendous supplies of power.

It conserves wealth by preventing erosion of soil from tillable lands; it saves countless lives and billions of dollars of damage through control of floods. Projects to accomplish all

this range from the digging of drainage ditches and the driving of piles into river banks to the construction of giant dams like Boulder, Grand Coulee and Fort Peck.

Development and control of our water resources is another field in which the construction industry, in cooperation with public officials and private groups helps this nation to progress. A.G.C. members can

be depended upon in this work because of the sound business principles to which they are pledged under the A.G.C. emblem.



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GRAYBAR ELECTRIC COMPANY, INC.
Graybar Building, New York City



Effect of "Bulge"

Survey of the electrical manufacturing industry reveals general rise in labor cost and demand for price advance.

Companies are now busily refiguring costs and price requirements as a result of the "Truman bulge" in the wage-price line. An analysis of how the new policy is affecting the electrical manufacturing industry has just been completed by Electrical World and Electrical Contracting, McGraw-Hill publications.

• **Need for Higher Prices**—Of 87 companies reporting, all but one (and it already had raised prices 13%) reported that higher costs made necessary an advance in prices. Estimates ranged from 5% to 40%, with two-thirds of the manufacturers reporting need for an increase of more than 15%. The survey showed that two-thirds of the 87 companies had not changed prices since January, 1941; of the other one-third, most increases were around 10%.

Half of the reporting companies showed labor costs at least 50% higher than in January, 1941, and about half of them reported that labor is now receiving higher average straight-time hourly earnings than at V-J Day. However, the latter increase in most cases

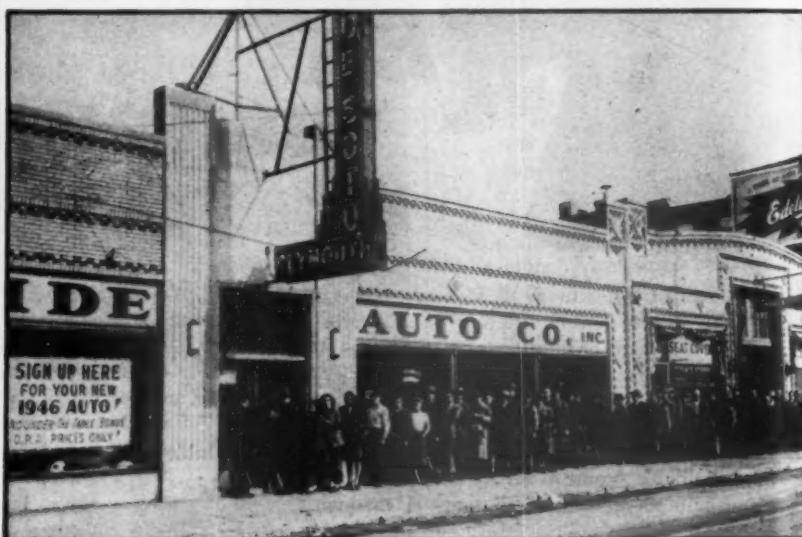
in the industry falls short of 18%. • **Seldom Below 80¢**—Now—the survey showed that about half of the manufacturers would be required to grant an additional 15¢ to 20¢ an hour rise if their wage rates were to exceed those at V-J Day by 18%. For many of the smaller companies, according to the survey, such an increase would exceed 18%.

The analysis includes charts which show that in the electrical manufacturing industry labor's average straight-time hourly earnings seldom exceeded 80¢ in January, 1941, while in February of this year they seldom fell below that figure. In addition to the general information on wages and prices, the survey included a breakdown of the data by industry groupings.

• **Materials Up**—Two-thirds of the reporting companies, according to the survey, showed costs of raw materials to be at least 15% higher since January, 1941, and all of them agreed that such prices will rise still further—probably 10% to 15%.

TRUCK LIMIT RETAINED

Efforts to liberalize truck-weight restrictions throughout the country (BW—Mar. 9 '46, p39) received a notable setback last week when the Virginia General Assembly voted down a measure that would have permitted weights up to 50,000 lb. on main routes. Passage of the bill had seemed so certain-



LINES OF THE TIMES: VEHICLE DEPARTMENT

The country's consumers are used to queuing up for cigarettes, butter, and nylons. Now they're after bigger game: 1946 automobiles. When Chrysler's long-delayed assembly lines began turning out Plymouths and De Sotos (BW—Mar. 2 '46, p20), a Chicago dealer (above) girded for the onslaught. His signs, inviting the folks to step up for applications, explain that all sales are bonus-proof and strictly according to OPA—a "first come, first served" warning.

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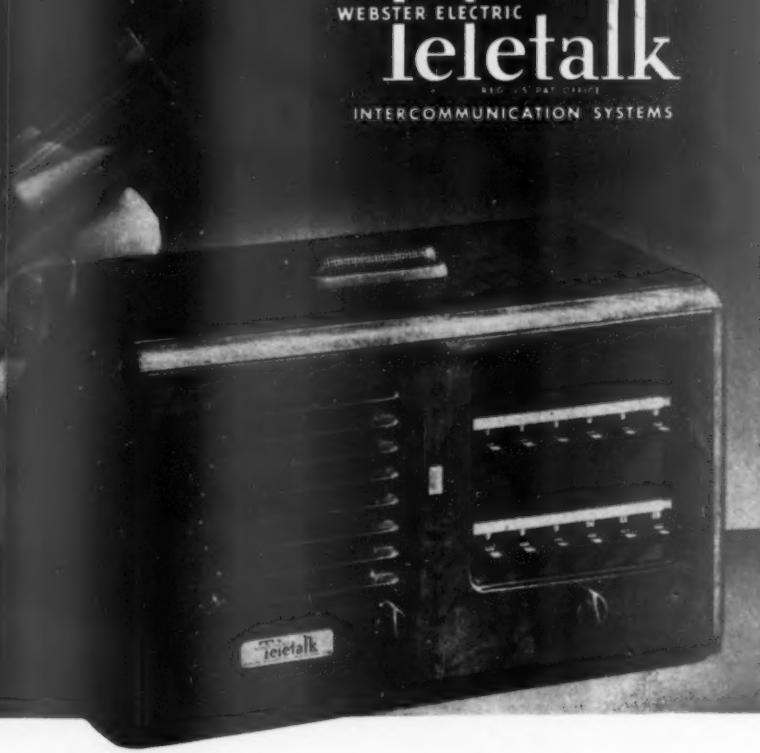
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IT'S SAVING 3 MINUTES

HERE AND 3 MINUTES THERE
THAT COUNTS

WEBSTER ELECTRIC
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INTERCOMMUNICATION SYSTEMS



"Teletalk" over the course of a week saves hours of wasted time

"Teletalk" is an inexpensive "leg man" as it runs hundreds of errands for your executive group and saves an expensive waste of time. Flip a key and speak with one or any number of individuals, depending upon the installation. You save three minutes here and three minutes there and hours over the course of a week.

Getting more work accomplished each day is important as it is a part of the pay-off; and when you can accomplish it, with so little effort, why not take advantage of it?

If you are pressed for time and need to organize your work better, don't pass up the opportunity to investigate the installation of a "Teletalk" intercommunication system.

"Teletalk" amplified intercommunication systems are made in a variety of models to fit the needs of any size business, large or small. True natural tone is an outstanding quality. The smart walnut case makes it a feature furnishing in your office. Check the classified section of your telephone directory for your "Teletalk" distributor.

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Bennie Bedbug BEATS DOWN SALES RESISTANCE!

Bugs like Bennie may be a blight to mankind . . . but they're super-salesmen for DDT products. Anticipating wide application for this famous insecticide, manufacturers are working with formulas that will bring DDT to the public in new and different forms.

It may appear in paints, in simple insect sprays, and quite possibly in ways not yet developed. But wherever DDT is an ingredient, the product must be carefully planned and painstakingly prepared . . . so that insecticidal action comes up to the consumer's expectations.

Du Pont will help a manufacturer in formulating his DDT product! As a major supplier of

DDT to the armed forces during war years, and from extensive laboratory and field studies, Du Pont has stored a wealth of DDT experience.

And Du Pont can supply Technical Grade DDT that's uniformly dependable because of the way it is manufactured. It works well in either dry or liquid formulations and dissolves quickly, forming clear solutions.

If you have a DDT idea—for an insecticide or a new type product—work it out with Du Pont.

E. I. du Pont de Nemours & Co. (Inc.), Grasselli Chemicals Department, Wilmington 98, Del.

**If it has to do with DDT,
work it out with DU PONT**



BETTER THINGS FOR BETTER LIVING...THROUGH CHEMISTRY

especially after the House of Delegates voted approval—that some trucking firms had already bought new equipment to accommodate heavier cargo. The bill was defeated 25-12, on the last day of the session, by the state Senate.

Railroad opposition to the weight increase, strong enough to cause considerable debate when the measure was in committee and before the House was strengthened by the Assembly's decision to rescind Virginia's gross receipts tax on out-of-state truckers. The railroads now contend that exemption of truckers from the tax is unfair to other carriers, and Gov. William W. Tuck has ordered an inquiry into public service taxation.

Retention of its present 40,000-lb. restriction means that Virginia will return to its prewar status as a "round block" to North-South truck traffic, 50,000-lb. limit having become general on major routes in the East.

LIABILITY REDUCED

A recently enacted amendment to Kentucky's workmen's compensation law provides for payments to hand-capped workers who suffer injuries, making the employer liable only for the degree of disability that would have resulted if there had been no previous injury.

The law previously held the employer liable for the entire disability that results from the combined injuries, less the amount that would have been paid for pre-existing injury had it been liable under the law. The act now provides that remaining compensation be paid from a subsequent injury fund.

The amendment also requires insurance companies to pay a tax of 1% on premiums paid them for workmen's compensation insurance and levies a similar tax on employers who carry their own risk. If the fund has a \$75,000 balance at the end of any fiscal year, the tax shall not be collected for the ensuing year.

A.A. ORDERS BOEINGS

Closely following the purchase of ten Boeing Stratocruisers by Northwest Airlines (BW-Mar. 16 '46, p49), which thus became the first domestic carrier to contract for the civilian version of the B-29 Superfortress, American Airlines System this week ordered eight of the big ships.

The Stratocruisers, delivery of which is expected early in 1947, will be used by American Overseas Airlines on non-stop flights between New York and London and on other transatlantic runs. Total cost will exceed \$10 million. Boeing Aircraft Co. also has orders for 24 Stratocruisers from Pan American Airways and the Swedish airline.



BUSINESS WEEK REPORTS TO EXECUTIVES

Building Codes Under Fire

Construction regulations have three major faults: old age, poor administrative procedures, lack of performance standards. Antiquated rules stifle new methods, but revision is slow process.

If you want to build a house in Washington, D. C., you have to put an access door in the wall behind the bathtub so that a plumber can get to the pipes. If you build a two-story garden apartment in Chicago, you have to provide two stairways in each unit. In New York, you have to put a house trap in the main line to the sewer even though each plumbing fixture has its own trap.

• **Costs Pushed Up**—All these are technical points. Taken individually they wouldn't slow up construction or increase your cost half as much as the special wallpaper job your wife wants in the bedroom. But taken together with all the other little quirks that show up in the ordinary municipal building code, they can raise costs 10% to 20% over what you should have to pay for the kind of house you want. A tough plumbing code can boost the bill on a small house by \$150 to \$200.

What is worse under present conditions, excessive and capricious restrictions in the local codes practically rule out any nationwide standardization of the building industry. And they soak up scarce labor and scarce materials that could be going into additional housing.

• **Tough in Emergency**—Prefabricated houses, for instance, can't qualify under the majority of the present codes without an emergency dispensation. In some cases, this is because the codes have been rigged deliberately to favor established methods of construction. More often, it simply is because prefabrication was just an engineer's daydream at the time the codes were written.

Either way, it's bad for a national housing program that is counting on 250,000 prefabs in each of the next two years (BW—Feb. 16 '46, p25).

Criticism of building codes is nothing new. It has been going on in this country ever since the colonial governors began to clamp down on thatch roofs and wooden chimneys, but it usually takes some sort of housing emergency to convert the scattered beefing into an organized campaign.

• **Same Old Story**—Conditions after the first World War were very similar to

those that are developing now. Then as now, returning veterans came back to a desperate housing shortage.

A Senate committee poked into the problem in 1921 and came up with a tart report attacking the wide variations in code requirements and blaming them for unnecessarily high construction costs. Nothing came of the report directly, but over the next eight or ten years many codes were relaxed or modernized under the pressure of the building boom of the twenties.

This time, most critics of local building codes are looking to the executive branch of the government rather than to Congress. Some construction experts predict that Housing Expediter Wilson W. Wyatt will have to tackle the building code muddle before he builds as much as a bungalow. Others are pinning their hopes to the Dept. of Commerce, which is particularly anxious to

Good Intent, But—

Business Week presents here-with a study of the deterrent effect upon construction of outmoded or politically rigged building codes. Although such codes form a drag on the building industry and a barrier to prompt completion of the emergency housing program, they are by no means the only such handicap. Most home builders, in fact, find that shortages of materials and restrictive practices of labor unions, contractors, and manufacturers, are causing more trouble than any building code ever does.

• What makes the restrictions of building codes particularly galling is the fact that they are supposedly ordained for the protection and improvement of the community. Like the featherbedding practices of unions (BW—Jan. 19 '46, p86), they require study at this time on the grounds that they not only hold up production but fail to do what they are intended to do.

cut itself in on a slice of the problem.

• **More Interest Now**—The Justice Dept., which launched one unsuccessful campaign against the construction industry and would like nothing better than to try again, also is running an unfriendly eye over local codes, looking for evidence of monopolistic practices by labor unions, builders, or suppliers. There isn't much the Justice Dept. can do, though. Building codes are a state and local affair, and the federal antitrust laws don't apply unless collusion among employers or between an employer and a labor union can be proved.

In addition to the various proposals for federal action, there are many local drives to smooth out the rough spots in particular codes. In some ways these are more promising than the ambitious nationwide programs. Civic groups and women's clubs—outfits that once thought of building codes hazily as laws to keep workmen from dropping hot rivets down their necks—are beginning to talk learnedly about allowable stresses and design loads.

• **Placing the Blame**—The Chicago Assn. of Commerce recently called in the John B. Pierce Foundation to take a long and critical look at the Chicago code. The Pierce Foundation turned the code inside out, exposing a good many ragged seams in the process, and summarized its findings in a solid 120-page report that Chicagoans are now chewing over. Among other things, the study pointed out that the Chicago building code bears a large part of the responsibility for the fact that construction costs in that city are among the highest in the country.

• **Codes Are Moss Grown**—Perhaps the biggest trouble with most building codes today is just plain age. Half of the 2,000 codes now in force across the country were written at least 20 years ago. Many are older than that. Boston, which finally put through a new code at the end of 1944, had been rocking along with its old one since 1907.

Knocking out twenty years puts you back to 1925 or earlier. At that time, prefabrication was considered a wild idea. Laminated wood was not long out of the laboratory. Aluminum and magnesium were beyond reach. Plastics were still in the celluloid stage. The lessons of the low-cost housing and slum clearance projects of the thirties were yet to be learned.

Perhaps more important, in the past 20 years, research has demonstrated



FIVE-FINGER FREEDOM . . . the kind that gives you a sure, firm grip . . . plus longer-wearing protection . . . is built into every JOMAC Industrial Glove! No more fumbling . . . no more dropping heavy objects for lack of a firm grip. With JOMAC, you've got finger-tip control, as flexible as the hand itself.

There is scientific reason for JOMAC's longer-wearing qualities . . . for its better, never-failing protection. JOMAC's extraordinary fabric is thick with hundreds of protective "cushions" . . . giving up to 7 times the wear of ordinary work-gloves!

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INDUSTRIAL GLOVES

THREE TYPES OF JOMAC GLOVES

REGULAR INDUSTRIAL TYPE
HEAT- AND FLAME-RESISTING
SAFETY GAUNTLET-CUFFS

A Pattern to Safeguard the Community

The National Bureau of Standards defines a building code as "a collection of legal requirements whose purpose is to protect the safety, health, morals, and general welfare of those in and about buildings."

- **On Local Administration**—Building codes rest on the police power of the states, which usually delegate authority over them to the local government units—towns and cities and occasionally counties. The federal government has no direct authority to regulate private construction, but it can take an indirect part by backing educational campaigns and by fostering the development of national standards.

Practically all communities have at least the rudiments of a building code, but many of them do not know it. In its simplest form, a town's building regulations may be just a sanitation law and a law against obstructing the public streets.

- **Some State Codes**—Some 2,000 municipalities have formal building codes. In addition, about half a dozen states have a more or less comprehensive code. All states have a certain number of laws—for example, those specifying the minimum safety requirements for industrial workers—that amount to building regulations.

The typical municipal building code sets up requirements for such things as—resistance, strength of materials, wind loads for various types of construction, ventilation, sanitation, and electrical conditions. As a rule, the code establishes a system of administration and supervision. In most cases, a builder is required to obtain a permit from the municipal building department before he can begin work.

- **Protects the Householder**—All authorities recognize building codes as a necessary evil. They are the community's main protection against the jerry-builder and the crackpot experimenter. They also are one of the best ways to prevent a catastrophe, like the Chicago fire, that is likely to strike whenever buildings are bunched together without regard to the fire and health hazard.

No one today seriously argues that building codes should be wiped out, but as the housing shortage has grown worse there has been more and more agitation to make them less restrictive. The big problem for municipalities now is not whether they should have codes but how they can frame codes that will keep building on a safe basis without adding senseless costs or ruling out usable materials and methods.

that many accepted standards could be lowered without danger. A 3-in. soil stack, for example, now is considered adequate for the plumbing in a small house, but many of the old codes still prescribe a 4-in. or 5-in. stack.

- **The Administrative Troubles**—Building codes rarely grow old gracefully because few of them make adequate provision for administrative changes and adoption of new materials. This brings up the second big fault that appears in most codes: poor administrative procedures.

To keep up to date, a code should have enough flexibility to permit the use of any new material or new method that gives as good results as the ones already approved. This means that somewhere in the code there should be a provision for a workable method of getting approval for innovations.

Something like 80% of the local codes now have a clause empowering the chief building official of the town to approve new materials or new methods. These clauses look well, but most of them are perfectly useless. Either the code prescribes no standards to guide the building official, so that he

is afraid to approve anything, or it requires the city council to ratify his approval. The council usually gets around to such subjects a year or so late, if ever.

- **Cities Slow to Act**—Chicago, for example, has a Committee on Standards & Tests, with the commissioner of buildings as chairman. Anyone who wants approval for a new building material or new method makes application to the committee, which investigates and makes a recommendation to the City Council. From 1939 to the middle of 1945, the committee had made only three recommendations to the council—one on increasing the stress in structural steel, one bringing the standard for concrete up to date, and one approving the use of vermiculite in certain constructions. The council accepted all of them, but after the lapse of a year or more in each case.

In Chicago, as in many other cities, the situation is complicated by the fact that no one municipal department administers the whole code. Altogether, there are seven departments with their various subdivisions that have a hand in building regulation—the Depart-

\$64 QUESTION BRINGS

A Billion Dollar Answer

Coming out of the war—in which they were called upon to carry more than 90 per cent of the military transportation load—the railroads are being asked this question:

"What are you going to do about peacetime equipment and services?"

And here's the answer for 1946:

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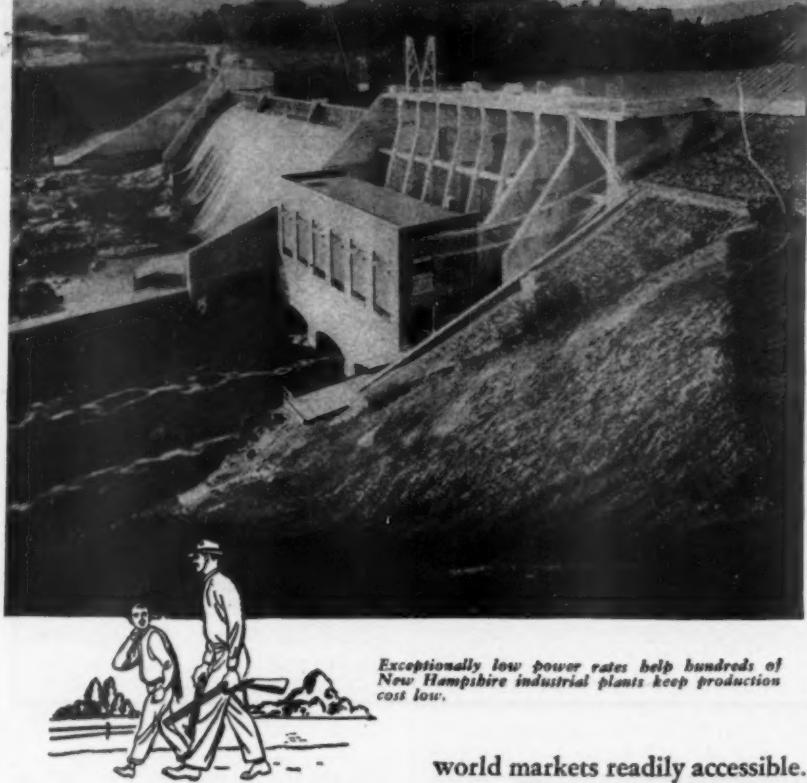
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ments of Buildings, Public Works (plumbing, etc.), Streets and Electricity, Inspection of Steam, Smoke Inspection, Fire, and the Board of Health. In addition there are the Board of Appeals for Zoning, the Office of Coordinator of Permits & Inspections, a Board of Examiners, and the Committee on Standards & Tests.

• **Wanted: Performance**—The third big trouble with present-day building codes is a close relative of the first two. It is the practice of prescribing specifically the various kinds of approved construction instead of just stating the performance standards that they are required to meet.

One Washington official has developed an extension of the old story of the three little pigs to illustrate this point:

"After the third little pig had bested the wolf by building his house of bricks, the city fathers met and decreed that thereafter all houses in the community should be built of bricks with a special wolf-proof attachment on the chimney. This ruled out all other kinds of construction, including structural steel and reinforced concrete."

• **No Way to Know**—"Twenty years later, the city council gave way to pressure from people who didn't like bricks and decreed that houses should be built of bricks 'or equivalent construction,' but the building superintendent had no way to tell what was meant by equivalent construction and refused to approve anything but bricks.

"After another 20 years, the city fathers financed a research project to find out how much wind load the huffing and puffing of an able-bodied wolf would put on the wall of a house. Then they prescribed that houses should be built to resist that load, with a specified margin of safety. That's a pure performance standard, and that's what they should have done in the first place."

The first building regulation recorded by history was essentially a performance standard. It was included in the Babylonian Code of Hammurabi, promulgated around 2000 B.C., and it prescribed simply: "If a builder has built a house for a man and his work is not strong, and if the house he has built falls in and kills the householder, that builder shall be slain."

A number of modern experts are inclined to think that the embroidery added to Hammurabi's code over the last 4,000 years has done more harm than good.

• **Clean-cut Method**—It probably will take another 20 years of research before we can write a code that will meet modern needs on a pure performance standard basis. But in the meantime, large parts of the code can be drafted without requiring any specific kind of

which has a tougher code than most, permits outside fire escapes even though most fire prevention engineers regard them as worse than a makeshift. Some towns allow a working stress of 24,000 lb. per sq. in. for structural steel, when the standard is 20,000. Many eastern and midwestern cities assume that they will never have to worry about an earth-

quake, but the most violent quake in U.S. history occurred at New Madrid, Mo., in 1811, and Charleston, S.C., took a bad beating in 1886.

Although there have been few comparative studies of building codes recently, it doesn't take much research to show how widely requirements vary from town to town.

One sample study made in 1941 showed that design loadings for dwellings (that is the weight that a floor is required to bear) varied from 40 lb. per sq. ft. to 60 lb. per sq. ft. One city unit recently required a design loading of 100 lb.

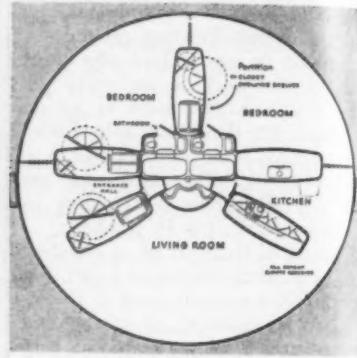
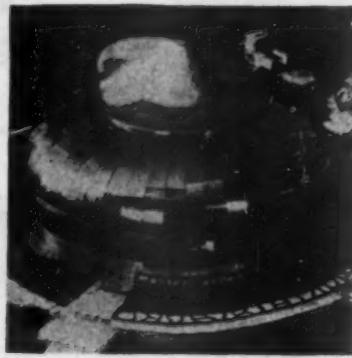
• **Wide Variance**—The same sample showed that allowable unit stresses

Commercial Model of Hemispherical House Unveiled

Of all types of houses, probably the one least likely to conform to local notions of house construction, as frozen into building codes, is the hemispherical house once called "Dymaxion" (BW—Feb. 10 '45, p42), now named for its inventor, R. Buckminster Fuller, board chairman and chief engineer of Fuller Houses, Inc.

• **Suspended From Mast**—The Fuller house is built like a suspension bridge, with roof, walls and floors suspended from a central steel mast around which are grouped all facilities. The igloo-like structure is covered with aluminum alloy, banded all around with a Plexiglas window, and topped by a ventilator that turns with the wind.

This week Fuller Houses, Inc., announced specifications of its first commercial model. Its officials do not minimize hazards like building codes, zoning restrictions, building trade opposition and prejudice against radical design. They realize, however, that the present housing crisis provides the best possible opportunity for launching the Fuller house; they count on labor support from the machinists union and the C.I.O. steelworkers (BW—Nov. 3 '45,



The scale model of the Fuller house (left) resembles an aluminum and Plexiglas igloo. Basic floor plan can be varied by moving partitions.

p96); and they hope for Washington approval that will enable purchasers to get Federal Housing Administration or G.I. financing.

• **At \$6,500 Each**—Mass production of the Fuller house by Beech Aircraft Corp. in Wichita will begin next January. Estimated 1947 capacity is 50,000 to 60,000 houses. These will be sold at \$6,500 each, delivered to the site and assembled (in two days) by a local dealer's

full-time crew of ten Fuller-trained workmen.

The price includes heating, ventilating and air-conditioning equipment, bathroom fixtures, and a kitchen complete with sink, range, electric refrigerator, washing machine, clothes dryer, dishwasher, and garbage disposer.

• **Single Family Unit**—The initial Fuller model will be a one-story single family dwelling, 36 ft. in diameter, 22 ft. high, and with its 1,017 sq. ft. of floor space divided into entrance hall, combination living room and dining room, two bedrooms, two bathrooms, and kitchen. Variations will be possible later for those who want larger houses, basements, or garages.

For shipment all parts of the Fuller house will be nested in a cylindrical steel shipping container (reusable) 16 ft. long and 4½ ft. in diameter. That includes an aluminum bathroom, produced in four stamping operations, made under license from Phelps Dodge Corp., for whom Fuller designed it.

• **Getting Ready**—Fuller hopes to have local dealers lined up by this fall, ready to sell and install Fuller houses early next year. Most of 1947 production is expected to go into community developments rather than to individual sites.



The living-dining segment is equivalent to a 16x21-ft. rectangular room.

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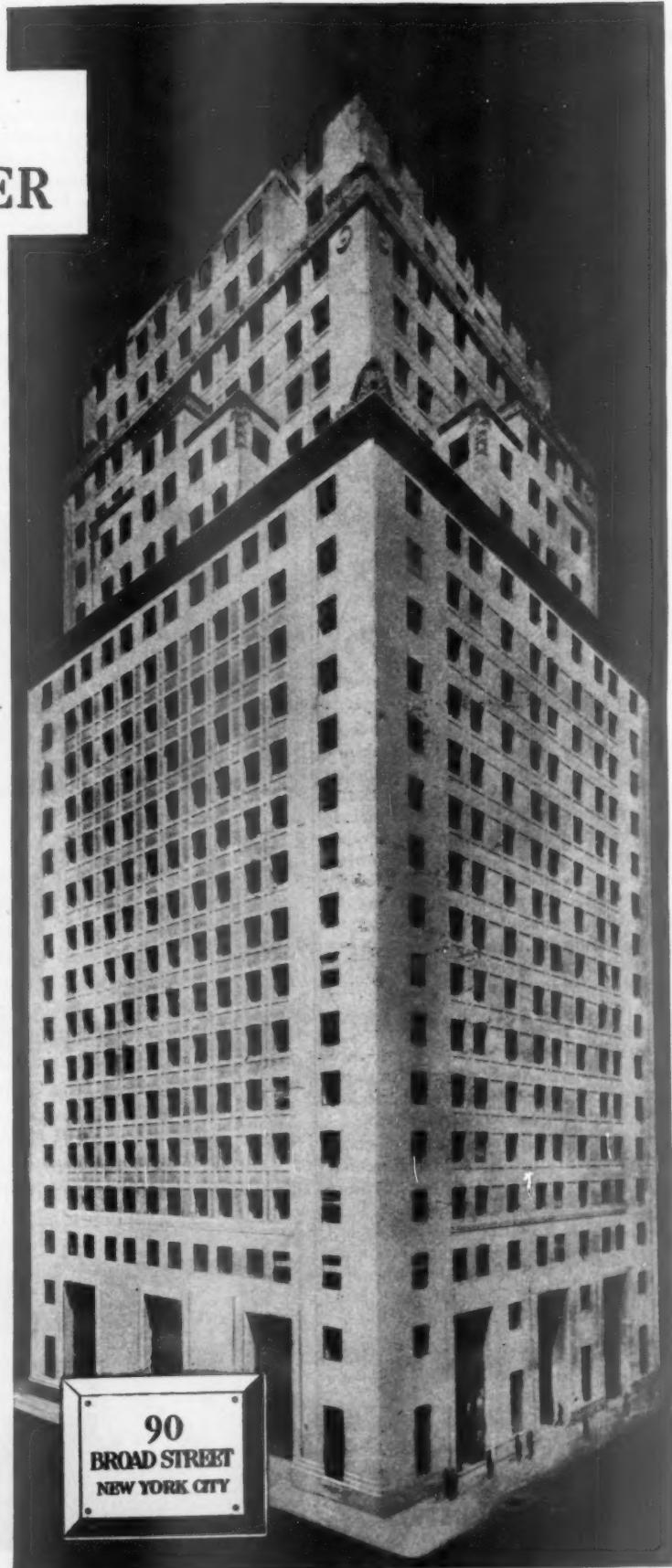
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varied from 16,000 lb. per sq. in. to 20,000 lb. for structural steel, from 1,100 p.s.i. to 1,600 for Douglas fir, from 1,200 p.s.i. to 1,600 for southern yellow pine.

Floor loadings, incidentally, are a point on which the experts think that wartime experience has taught them a lesson. Most codes now are drafted on the assumption that a sound floor in a dwelling should be able to carry a live load of 40 lb. per sq. ft. In addition, the codes leave an ample margin of safety in setting the allowable working stresses in flooring material.

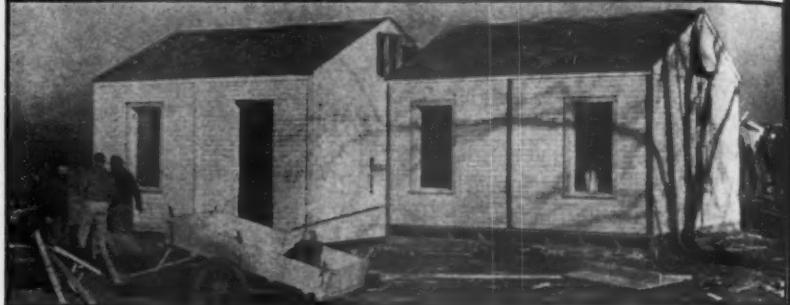
During the war, the government experts scaled down both these requirements in their plans for war housing. They designed for a live load of only 25 lb. in some cases, and they allowed higher working stresses in the materials.

As a result, 2x6 wood floor joists, spaced 16 in. on center, were permitted to span 9 ft. 3 in. in privately financed

war housing and as much as 11 ft. 11 in. in publicly financed war housing. Most municipal codes would allow a span of only 6 ft. for this construction. Altogether, the government sponsored nearly a million dwellings built to the emergency standards. So far there has been no report of a structural failure as a result of overloading.

• **Re-examination Overdue.**—The experts still are cautious about recommending the emergency standards for permanent adoption. They point out that the floors in war housing often have a rubber feeling that is disconcerting to an old-line engineer. They also want to make sure that 20 or 30 years from now the wide-spaced joists won't start giving way and pitching householders into the basement. But most of them think that the wartime record proves that a re-examination of the whole question of design loadings is overdue.

The experience with floor loadings



BUNGALOW BINS

In Iowa, there is a surplus of accommodations for grain, a shortage of houses. To remedy the situation, the Shenandoah Chamber of Commerce has bought 97 wooden grain bins from the government at \$140 apiece, is hauling them (right) to Shenandoah to be sold in combinations of two, three, and even four as houses. The union of two 14x16-ft. bins (above) is the most usual; some have a central link (below) to join the units. Two feet cut off the 10-ft.-high



structures lowers ceilings, provides lumber for partitions. The chamber sells them at cost—plus expenses.



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shows up one of the main roads that long-run improvement of building codes will have to travel. As long as qualified engineers can squabble over the question of what is safe construction, it isn't surprising to see the municipalities go wrong. The only thing that will clear up this trouble is research and lots of it.

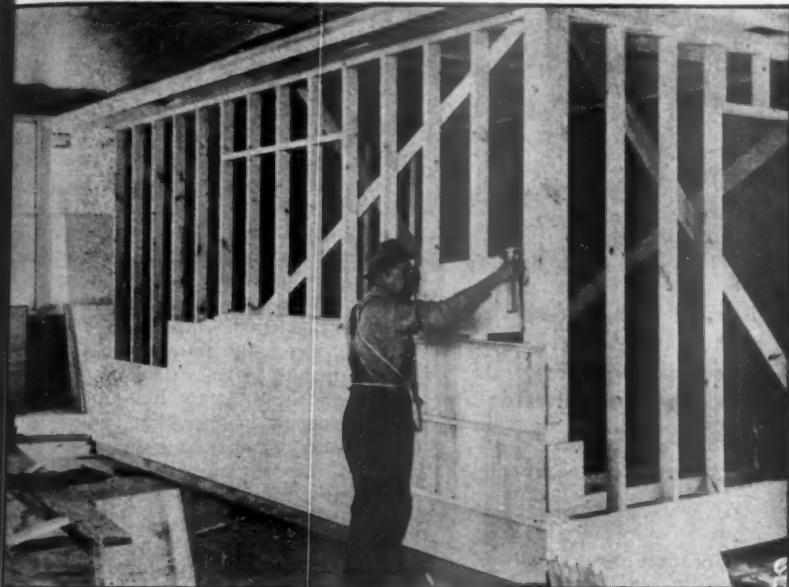
A comprehensive federal research program in housing problems is one of the dreams of the National Housing Agency, which pioneered many of the wartime innovations. NHA would like to set up a long-range program of testing and experiment designed to clear up all the major blind spots in our knowledge of how to build a house. There is a chance that at least the skeleton of such a project will be established in connection with Housing Expediter Wyatt's new plans.

• **Private Agencies Busy**—Even without national research program, a lot of

hard, grubby work is going on in private organizations. The standards framed by the American Standards Assn. during the past ten years have helped considerably to straighten out the building code muddle. In addition to the National Bureau of Standards, there are a number of privately financed outfits, such as the American Society for Testing Materials, National Board of Fire Underwriters, and the John B. Pierce Foundation, that sponsor research and experiment.

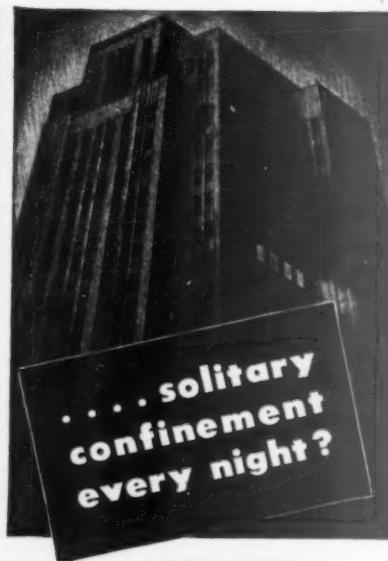
The A.S.T.M. recently appointed a committee to establish standard tests for prefabricated construction. When these are settled, they will give building officials something to go on.

As time goes by, the development of sound standards may take much of the curse off local building codes. Introduction of brand-new materials and methods probably never will be painless, but as the use of performance standards



ECONOMICAL PANELS

At Madison, Wis., the Dept. of Agriculture's forest products laboratory claims a new labor-saving twist to house construction—described as semiprefabrication. Contending that the cheapest part of house construction is finishing, the technicians have devised small prefabricated panels (left), which can be quickly applied (above) over standard frames, to reduce labor costs. The basic 16x32-in. unit is finished in wood, plywood, or fiberboard; outside joints are protected by strips. Smallness of the unit makes for flexibility, easy transportation.



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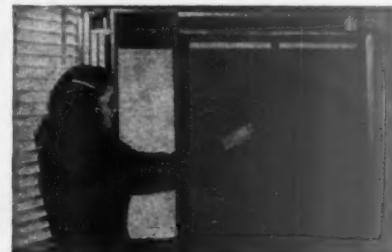
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spreads the approval process will become easier and easier.

Over the short pull, the outlook is so bright. The odds are that Wyatt will have to work out his salvation without counting on any immediate cleanup of local building codes.

• **It's a Slow Process**—The municipal wheels always turn slowly, and when building codes are involved, speed has to be measured in about the same terms that are used to estimate the retreat of the polar ice cap.

For one thing, city councils of small towns always have trouble getting the expert advice needed at a price they can pay. A government-sponsored model code might take some of the grief out of this problem, but even so, it would be a rare city council that would adopt a model code without doing some tinkering on its own account. Tinkering always takes time, and it frequently ends by making the new code almost as restrictive as the old one.

• **Special Amendments**—Another trouble is the question of cost. Most states now require local government units to publish all ordinances several times in the local newspapers. The model code of the National Board of Fire Underwriters counts up to about 82,000 words, and to publish something like that three times runs into more money than a city council likes to pour down the drain. To get around this, most housing experts now are boosting a system whereby the municipalities could adopt a model code or recognized standard by reference—that is, by citing the name and specifying any exceptions that it wanted to make.

The best bet for building code improvement in the short run seems to be the chance that municipalities will put through special amendments easing the restrictions on emergency housing. Not all towns can be expected to do even this much; but if enough of them string along, building codes won't be much of a direct drag on the housing program. Once the emergency amendments have gone through, the towns will have time to work on an up-to-date permanent code, but it is an open question whether many of them will bother once the heat of the emergency is off.

• **West Coast Code**—Most of the proposals for federal action run in terms of drafting a national code or set of codes to serve as a model for the municipalities. Once it was set up, this code would have to be sold to the local government units individually.

Municipalities already can take their choice of half a dozen model codes, but none of them is suitable for all parts of the country, and all have blank spots that the cities fill in to suit themselves. One of the best is the Uniform Building Code prepared by the Pacific Coast Building Officials' Conference. Its main

will be built is that it is written for construction on the West Coast and takes a good deal of adapting to fit other regions.

A.S.A. Tackles Job—The closest thing there now is to a federally sponsored building code is the set of standards gradually being worked out by the American Standards Assn. at the request of the Commerce Dept. Originally, the Commerce Dept. had its own building codes committee, appointed in 1923 when Herbert Hoover was secretary. The committee was liquidated in 1933 when the Roosevelt Administration took over, and the A.S.A.—which always has had a semiofficial standing even though it is a private organization—was asked to continue the code development work in cooperation with the National Bureau of Standards.

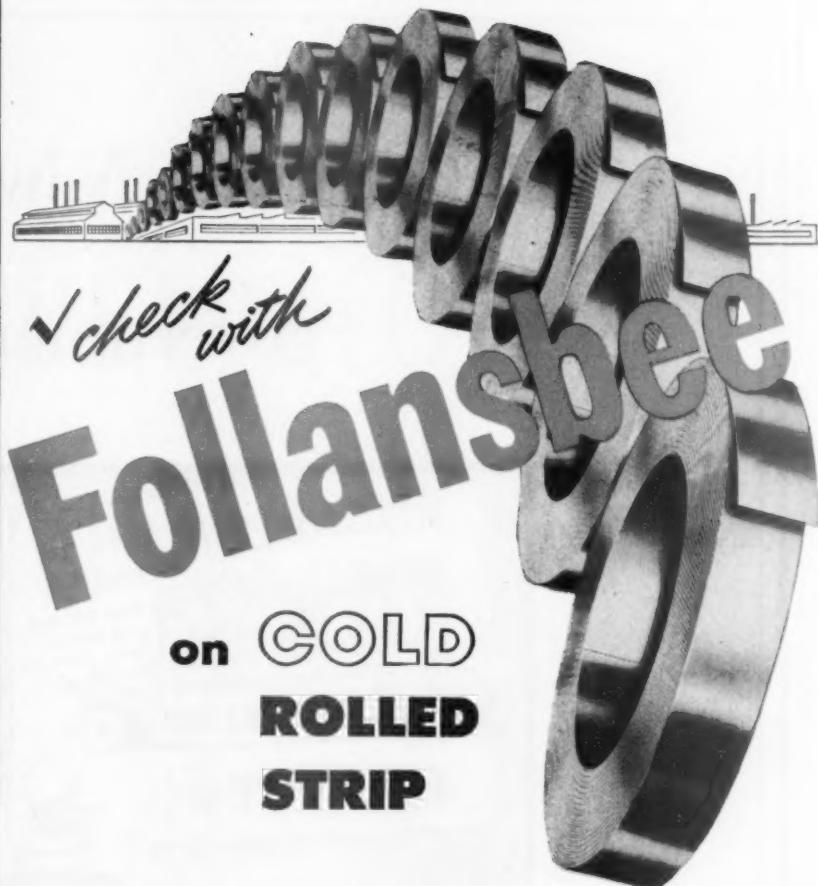
The A.S.A. has been plugging away at the job, using its regular procedure, which consists of getting representatives of all the interested groups together and working over draft after draft of the proposed requirements until they get substantial agreement. This is a slow business. Although the A.S.A. has got past some tough spots—the provisions for administration of codes, for instance, and standards for masonry, gypsum concrete, and structural steel—it will need another three years or more to get its chore done.

When finished the various standards will add to a code that is practically complete for general use. Municipalities will be able to adopt as much as they need to handle local conditions.

Both the A.S.A. and the Bureau of Standards turn thumbs down on the idea of hustling through a model code at once. They argue that the only way to get municipalities to improve codes is to build up nationally accepted standards one by one.

On the Shelf?—The Bureau of Standards comes under the Commerce Dept., but Secretary Henry Wallace wants something faster than the step-by-step approach. One of the assignments that he handed his new Director of Domestic Commerce, Albert Browning (BW-Jan. 1946, p7), was to see what he could do about drafting a national code and selling the states and cities on it. Browning now is planning to run a comprehensive study on present codes, then map a campaign to take the kinks out of them.

The big hitch is that the Commerce Dept. plans would take money—\$3 million or \$4 million perhaps—and the 1947 budget makes no allowance for any such project in setting up the departmental war chest. Unless Browning and Wallace can get an additional appropriation from Congress, they will have to put their plans on the shelf—and the shelf will have to meet the specifications of the present Washington building code.



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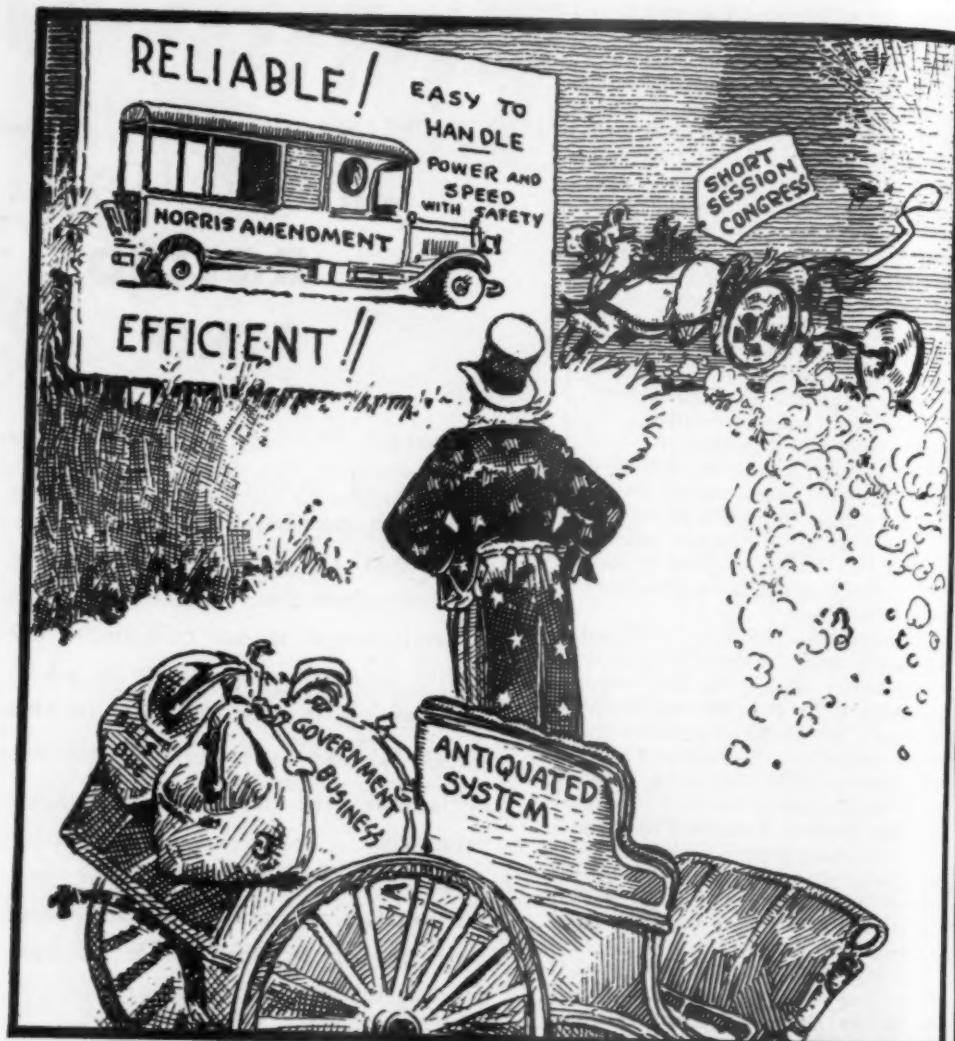
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In 1945 the Hearst Newspapers urged upon Congress a Constitutional Amendment limiting the power of the Government to tax in support of a squandering bureaucracy.



PRODUCTION

Rubber Companies Diversify

Assuming more and more of the characteristics of chemical manufacturers, the Big Four and numerous smaller firms turn to plastics—a wide-open field for new materials and products.

Tires, galoshes, hot water bottles, all the time-honored products of the nation's rubber industry, have a lot of new baby brothers of nonrubber origin that are going to cut an increasingly important figure in the operations of at least the major companies in the years to come.

• **Forced Growth**—Some of these, such as Koroseal, Velon, Pliofilm, were introduced to the consumer trade with elaborate advertising fanfare before the war. Then military requirements gobbled up all available production, even spurred expansion of productive capacity.

Simultaneously, the synthetic rubber program induced a forced growth in knowledge of chemical raw materials and intermediates, many of which in due course of time will emerge as finished products of one kind and another.

Thus, willy-nilly, rubber companies are assuming more and more of the characteristics of chemical companies, with plastics—both semifinished materials for fabricators and finished products for consumers—bulking biggest in their nonrubber operations.

• **Output to Rise**—Today, even with the emphasis on tire production to meet pentup civilian demand, nonrubber items represent an estimated 5% to 8% of the industry's sales. (This includes long-established nonrubber products such as spark plugs, storage batteries, aircraft accessories which the industry has marketed.)

By 1950—and this is admittedly a guess—the proportion may well be 25%, resulting in part from a slackening in tire and tube output but more importantly from an anticipated rise of 100% or more in output of plastic and chemical items.

• **Plastics Galore**—What are some of these new products? Firestone Tire & Rubber Co., which gets its plastics components from Dow Chemical Co., expects to have a Velon hosiery yarn that will compete with du Pont's nylon; Goodyear Tire & Rubber Co. is pushing its Pliofilm for packaging fresh and frozen fruits and vegetables, has a new resin base for paints ready to market; B. F. Goodrich Co. has added Kriston, a thermosetting plastic, to its well-established thermoplastic, Koroseal; U. S.

Rubber Co. sees great possibilities for its Vibron thermosetting plastics. These are but samples.

The industry is pouring a lot of money into new production and research facilities to exploit new lines and develop more. Goodrich is doubling its facilities for manufacturing Geon polyvinyl resins, is building a \$4 million plastics processing plant at Marietta, Ohio, and a new research center halfway between Cleveland and Akron; Goodyear is putting \$1 million into a chemical development laboratory, \$3 million into a plastics plant, both in Akron; U. S. Rubber is spending \$2 million to expand the Naugatuck (Conn.) plant of its Naugatuck chemical division; Firestone recently completed an elaborate research laboratory at Akron, has other plans in progress.

• **Variety of Uses**—All of the Big Four rubber companies have established subsidiaries or separate operating divisions to handle the business in these new and expanding lines of activity. So have General Tire & Rubber Co. and some of the smaller rubber companies.

Just how far this diversification has been carried is indicated by an examination of the four major companies.

Firestone intends to use the Velon

tradename for a whole series of products stemming from the vinylidene chloride plastic it uses. First introduced as a rattan-like upholstery material, it has been adapted for coarse and even fine fabrics down to hosiery gage yarns. In film form, it is usable for transparent packaging, being an effective moisture barrier. Laminated with paper, it forms another type of packaging material. As a screen wire, Velon may be competitive with copper bronze screening. In still another application, it forms artificial, waterproof leather which won't harden or crack.

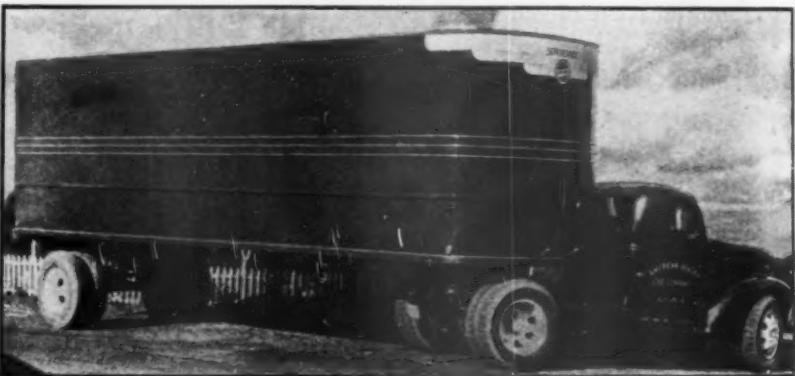
• **New Applications**—A concentrated synthetic latex, now being used to waterproof and toughen heavy-duty truck seat cushions, is expected to find new applications as sponge rubber, adhesives, and in rubber-dipped fabrics.

And like most of the other rubber companies, Firestone sees great possibilities for foam latex in cushions, mattresses, and a hundred similar applications.

• **For Shoe Soles**—Besides Pliofilm (a rubber hydrochloride) for protecting everything from oranges—it keeps citrus fruits in good condition for months longer than is possible when unsealed—to cheddar cheese while it is aging, Goodyear expects much of its Neolite. Used for shoe soles and heels, it is said to outwear leather.

Most of the big rubber companies have synthetic adhesives. Goodyear's is Pliobond, a flexible, waterproof adhesive of high tensile strength.

In the insulating field, Goodyear has developed Pliofoam, a frothed urea-formaldehyde resin. Light in weight, it is an excellent heat and sound insulator, is expected to have wide use in refrigerators and home freezers, railway cars, buses, airplanes, and possibly auto-



OUTSIZE BANTAM FOR AN EXPANDING INDUSTRY

Before the war, American Bantam Car Co. made one of the country's smallest automobiles. Now it may need a new name as its big "Supercargo" truck trailers start rolling out of Bantam's plant at Butler, Pa. The open-top van (above) is one of several large and small trailers which are replacing—at least temporarily—the midget passenger cars in the company's postwar program. Officials predict output of some 500 Supercargos a month by September.

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mobiles, and if cost factors prove favorable, in house insulation.

Building Materials—Vinyl chloride polymers are expected to enter the flooring and builders' supplies field. Goodyear already has developed floor coverings, washable wallpapers, and plywood-backed vinyl wall panels on which pins great hopes. Vinyl resin coated cloth, paper, and even wire have also been produced. One firm is using film of this material to package pickles.

Unique among the rubber companies is the Goodrich setup, for B. F. Goodrich Chemical Co., a subsidiary, is essentially an industrial chemical concern. It makes and sells Geon polyvinyl materials to fabricators and finishers (Koroseal, made by the parent company, is a finished, fabricated form of this same family of plastics), manufactures and sells special-purpose synthetic rubbers, and produces various rubber chemicals such as age-resistors and antioxidants. It recently has expanded its lines of rubber chemicals and plastics raw materials. And it currently is advertising some 88 complex organic materials, most of them intermediate chemicals derived in connection with established processes, which it is ready to sell to concerns that can find a use for them.

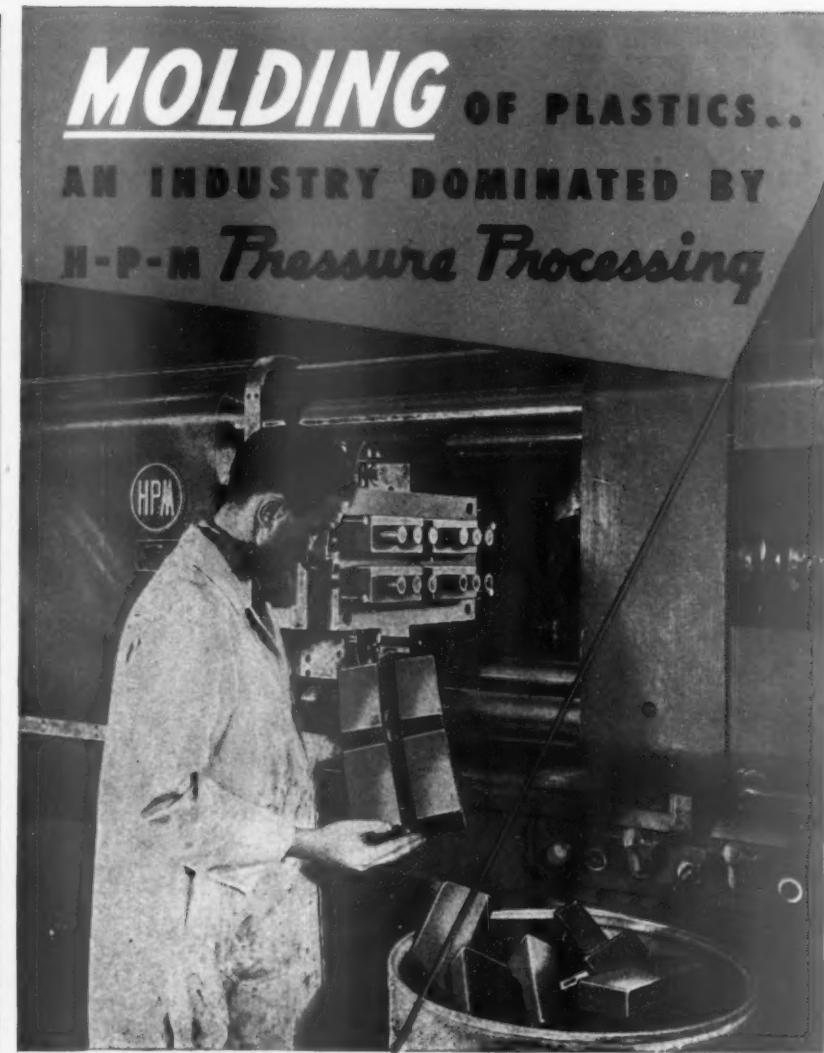
• **Impregnated Thread**—The chemical company has successfully impregnated and coated thread, yarn, string, wire, glass fiber, nylon, silk, cotton, wool, and rayon with plastic latex. This is expected to open the door to use of such coated or impregnated materials for screening, woven upholstery fabrics, tarpaulins, and thin-walled insulation. Textile fabrics so coated are resistant to grease, moisture, and abrasion.

The parent company's Koroseal is adaptable for hundreds of uses in the home and industry—from wall coverings to luggage, from shoes to draperies, from upholstery to garden hose.

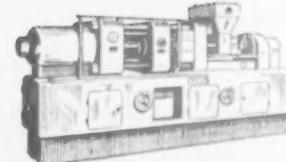
• **New Fabrics**—U. S. Rubber Co.'s Vibron, a war product developed for bullet-sealing fuel cells, holds promise in the plastics field. Thermosetting, it may be used as a building material for prefabricated houses, for luggage and furniture. Combined with fabrics, it may make improved substitutes for leather; with paper, it may become a packaging material.

Naugahyde is a vinyl resin coating on fabric suitable for many upholstery purposes. Like Goodyear, U. S. Rubber has developed a plastic foam for insulation purposes, but production has been sidetracked in favor of more urgent items. Asbeston, a fabric of asbestos and cotton, already has appeared on the market for ironing board covers. Flexible ducts made of phenolic plastic, glass fabric, and Asbeston, with rubber for an overcoating, are light, durable, and adaptable to many uses.

U. S. Rubber also is in the agricultur-



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BUILDING MATERIALS, PRODUCTS FOR INDUSTRY PAPER BOXES & CONTAINERS





tural chemical business, has introduced three new items recently—a fungicide for apple scab, a DDT formulation, and a selective herbicide for weeding large acreages of cereal crops.

• **Untapped Field**—With all these varied products, rubber company experts feel the surface has only been scratched. Biggest potential untapped field, perhaps, is styrene, one of the two principal ingredients of synthetic rubber of the type used in tires. Because it readily combines with so many other chemicals, styrene may prove important in plastics, water-emulsion paints, lacquers, coatings, and foam insulation.

And with their wartime experience in handling styrene, the rubber firms expect to be in the forefront of any such developments.

Penicillin Find

Q-176, a new mold strain, may double production of the vital drug. But germs are developing their own resistance.

Two University of Wisconsin scientists, working with mold spores and ultra-violet radiations, have discovered a new strain of mold that promises a substantial increase in the world's penicillin supplies, which are still below demand.

Named Wis. Q-176, the strain has consistently produced twice as much penicillin as X-1612, its parent and predecessor in the commercial field.

• **Hardy Champion**—In their search for a more prolific strain, Profs. M. P. Backus, and J. F. Stauffer of the university's botany department directed radiations from a 1,000-watt mercury-vapor lamp through 2,000,000 mold spores of X-1612 in a water suspension. All but 500 were killed. The survivors were planted in a nutrient agar, and the most promising were checked for penicillin output. Q-176 produced an average of 761 Oxford units, more than double its parent's average.

The earliest ancestor of Q-176 was NRRL-1951, discovered in 1943 on a moldy melon at Peoria, Ill. The strain was too unstable to compete commercially with the English 832, and the U. S. penicillin industry got off to a limping start.

• **World Need**—In December, 1945, however, before the impact of Q-176 was felt, U. S. penicillin production was rated at 700,000,000,000 units. With an estimated January production of 1,000,000,000,000 units, all emergency needs are being met. But penicillin continues to be subject to federal allocation.

Cultures of the new strain have been

sent to England and Canada, where the antibiotic is already being manufactured, and to France, Brazil, China, Holland, and Denmark, where new plants have been established or are contemplated.

• **Germs' Resistance Growing**—But the good news that Q-176 is stepping up the production of penicillin was tempered somewhat last week when Dr. Hans Molitor of the Merck Institute of Therapeutic Research predicted that this drug, as well as streptomycin, may lose much of its effectiveness within the next five to ten years as a result of too widespread use. Dr. Molitor told the Federation of American Societies for Experimental Biology that germs are developing a resistance to these antibiotics and that the period of their usefulness would be extended if physicians refrained from administering them in lozenges, salves, and tablets containing small quantities. In large doses they act before resistance to them can be built up.

If present practices continue, Dr. Molitor fears, new germ killers may be needed in future years, although chemists might synthesize penicillin and change it so that it would continue to be effective.

NEW TOBACCO STRAIN

When war blocked the importation of wrapper tobacco from Sumatra, it threw more business to tobacco farmers in Connecticut, Massachusetts, Georgia, and Florida. Pushed to help fill the supply gap, Connecticut growers developed a shade tobacco with marked resistance to yield-reducing black root rot and 20 to 25 marketable leaves in its taller stalks (against 15 to 18 for ordinary shade tobacco). Since the new type

also produces a larger percentage of higher grade leaves, its value during the last two years has surpassed that of other shade strains by 34%.

Designated "Connecticut 15" the improved variety has given Connecticut an even greater edge over other states in the production of wrapper tobacco. Last year the state harvested 6,800 acres, against 2,300 for Florida, 1,400 for Massachusetts, and 600 for Georgia.

If Sumatra tobacco regains its position in the U. S., the Connecticut Valley is not likely to suffer for American smokers are burning up more cigars.

New Eye for Pilots

Teleran, still in process of evolution, will give a landing flier a televised view of what goes on under and around him.

Originated in December, 1941, and expected to be ready for flight demonstrations in about two years, a new system has been developed to give the airplane pilot approaching an airfield a televised view of what goes on below and around him.

Conceived by Radio Corp. of America, it is called Teleran. Spelled out that is Television-Radar Air Navigation. It is designed to provide, in the not too distant future, an efficient method of handling safely the increased air traffic that may overload existing navigation and airport-control facilities as additional planes go into service.

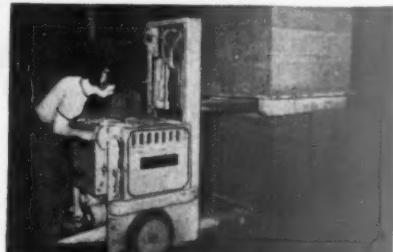
• **How It Works**—In its simplest form, Teleran uses a radar set on the ground (diagram) to search the air above and around the airport for planes and show

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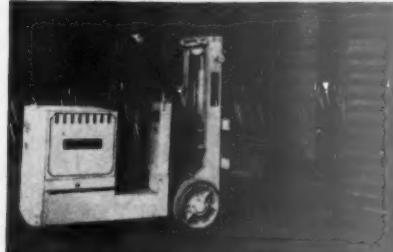
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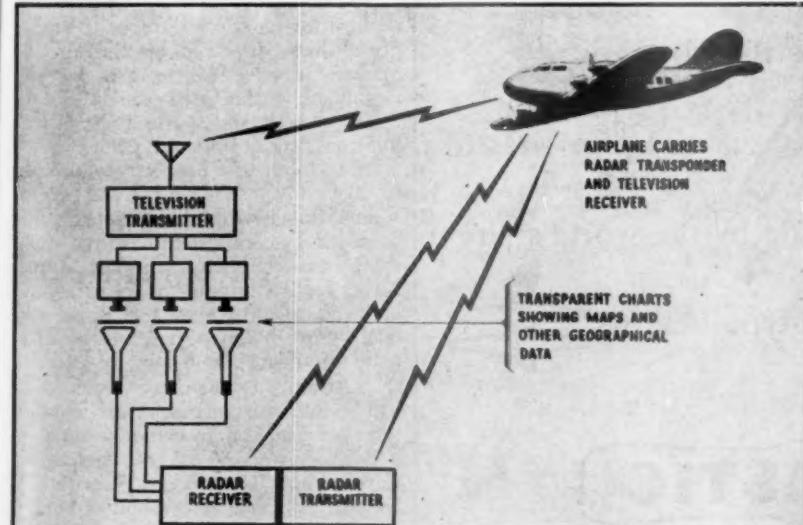
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With the Teleran system, the moving image of a plane—plus other planes and obstructions—is picked up by ground radar, televised to the pilot.

TUBA, TROMBONE, or ACCORDION? a primer on pipe expansion joints

ALL piping expands and contracts with changes in temperature  and pressure . Some of it by means of tuba  or inchworm loops. Some with trombone  joints. And some by one-piece corrugated tube accordions  that are handcuffed  to withstand higher pressures. There is another kind of expansion joint , however, with many advantages over these . Of unique design , it is compact, packless, and needs no supporting rings. We believe it the first standard type to cover all pressures to 1000 psi , temperatures to 1600°F , and pipe-sizes to 24 inches . It is made by the world's largest manufacturer of flanged-type bellows 

Write for Catalog 540 to

MAGNILASTIC

Division of

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In the Teleran scope, pilots see their planes as moving dots superimposed on maps of landing areas.

their location on the screen of a cathode-ray tube. The images appearing on this screen are viewed by a television camera and transmitted to television receiver screens on the instrument boards of the planes coming into and circling above the airport.

A map of the area around the airport, together with such data as wind velocity and direction, is superimposed either optically or electrically upon the radar picture of plane positions to give the pilot all the information he needs in handling his plane.

• **On the Map**—In this combination picture (illustration) the pilot sees his plane as a spot of light moving across the map and distinguished by a radial line passing through it. He also sees pips of light showing the positions of all the other planes in his altitude zone, with comet-like tails indicating the directions in which they are flying.

To avoid the confusion that would result if the radar echoes from all of the planes were displayed on the aircraft television receivers, Teleran includes a method of separating the echoes according to altitude and transmitting to the pilot only those from the planes in his altitude level, say between 4,000 and 6,000 ft.

• **Long-Range Project**—Although the proposed Teleran system has been studied by the commercial airlines, Army, Navy, foreign groups, and others, and has been called by some a system which offers great potentialities for the ultimate safe flying and landing of aircraft, it is strictly a long-range project. It will be four years at best before installations are made on an extensive scale.

RCA is working on the system at Camden and Princeton, N. J., with the hope of achieving integration of equipment with other control facilities. Meanwhile, other air navigation and airport systems will continue to be installed.

We have it in a nutshell...



Maybe you think stainless is a shell game—you win very seldom. Wrong! Stainless is not difficult, only different, and we can easily explain the differences, show how to machine, cold upset, forge, weld, heat treat, electropolish, work it successfully, economically. You see, we're nuts about stainless. We've never done anything but produce it, study it, help others fabricate it into products of economical long life, enduring lustrous beauty, such as bolts, nuts, screws, nails, cutlery. Many firms have found our assistance invaluable. To obtain it without obligation, just write Rustless Iron and Steel Division, The American Rolling Mill Company, Baltimore 13, Maryland. Sales offices in principal cities, distributors everywhere.

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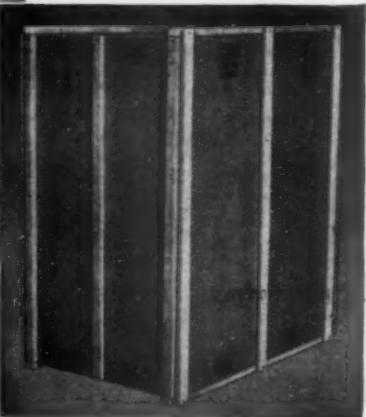


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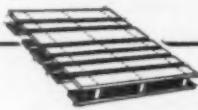
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Powder Welding Tool

Welding or brazing with powdered metals and surfacing with metals, plastics, enamels, or glazed coatings are the unusual combination of functions for which the new Powder Weld flame tool was designed. An oxygen-gas flame is projected from a ring of jets around a



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General Nailed Box



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center opening through which powdered metal or other surfacing material is discharged. A cooling or processing gas is emitted around the flame and controlled independently of the fuel gas and the powder-projecting gas. For economy, the flow of the welding or surfacing material is controlled by a pushbutton on the torch.

Rubber hoses connect the flame tool with a control box equipped with pressure-regulating valves and a cannister from which the powder is ejected by gas flow.

Powder Weld Co., 419 Kent Ave., Brooklyn, N. Y., developed the tool to permit hard surfacing with metal alloys and to fuse the metal into a solid film bonded to the underlying material.

Carry-Along Televiser

So that a television crew can carry a studio with them and put it into action in a few minutes, Philco Television Engineering Laboratories, Philadelphia, has developed a new 35-lb. television camera and lightweight suit case-type control equipment. With a total of 14 of these units, including three cameras, it is possible to televise outdoor or indoor scenes. Several cameras can be operated from a single portable master control that may be placed 500 ft. away.

New types of television tubes and

electronic circuits incorporating advances based upon radar research are utilized in the equipment to give sharper, clearer pictures than did the heavy prewar equipment.

Fast Photo Papers

Originated for the Army and Navy air forces, the new Kodak Resisto and Resisto Rapid photographic printing papers can be developed in about one minute, fixed in two, and washed in four, because they are impregnated with an acetate which practically waterproofs them. Called the solution to the photographer's problem of making quality prints in a rush, the papers are resistant to stretching, swelling, or shrinking—advantageous where the scale is important in the prints.

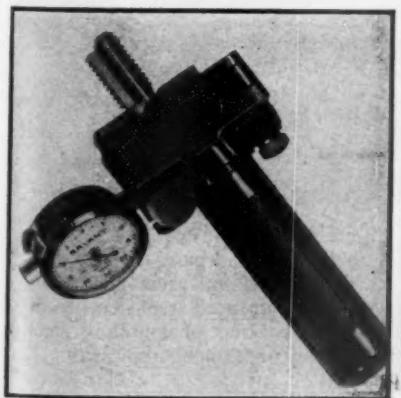
Designated as single-weight, the papers have a smooth, white, luster finish and are manufactured in contact and projection types by Eastman Kodak Co., Rochester 4, N. Y.

Pelican Pick-Up Rake

Designed not only to rake the lawn but to pick up the piles of grass cuttings, leaves, or other trash between its two sets of prongs, the purpose of the new Pelican Pick Up broom rake developed by Ferris Factories, Inc., York, Pa., is to take the stoop out of a domestic chore. The rake has 21 flat spring-steel prongs, $1\frac{1}{4}$ in. long, eleven being fixed in a line with the handle and the other ten swinging on a hinged plate operated by a rod whose end coils loosely about the handle. For raking, all prongs are in line. For pickup, the movable set swings out to form a pair of jaws which close on waste when the rod is pushed downward.

Portable Thread Dial-Gage

To provide quick visual indication on a graduated dial of the accuracy of internal threads where bench inspection is inconvenient, Bryant Chucking Grinder Co., Springfield, Vt., has developed the new portable thread gage. It



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HAMILTON PAPERS





OSBORN'S new "miracle" Situft, latest addition to the largest power brush "family" in the world, has been chosen by Pennsylvania Central Airlines to service the famous "Capitaliners" which speed travelers daily from Washington to Chicago.

The Situft literally flies through work which previously was much slower; in the illustration, for instance, removing carbon and still leaving an essential satin-smooth finish on bronze exhaust valve guides of their high-speed Cyclone motors.

This is just one application among thousands, in diversified industries, on diversified products—where the new Osborn Situft has proved it can get at the hard-to-reach and "impossible"-to-reach internal surfaces which require original or periodic surface finishing.

The new Situft is a power brush like none you've ever seen before. It's built on an entirely new principle of wire suspension. Its cost is almost unbelievably low—only 17¢ per brush—yet it has already saved thousands of dollars in production costs, thousands of hours of time.

A complete tool crib kit containing one each of all 12 sizes (1/4" to 1 1/4") and 2 holders costs only \$2.85. You ought to have one. Kits and open stock available from your local Osborn distributor.

THE OSBORN MANUFACTURING COMPANY

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WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY

Osborn Brushes

has three thread segments, two stationary and one movable, the latter being retracted by pressing a lever when the gage is inserted.

When the lever is released, all segments engage the threads, and a partial turn indicates any out-of-round condition or the presence of burrs. The gage is designed to check inaccuracies of lead, pitch diameter, and thread form. Changeable segments permit inspection of threads of different sizes.

Construction Material

Avoiding substances in short supply, the new Excelite structural material is made under heat and pressure from a major proportion of wood wool "excelsior," water, a small amount of alkaline metallic salt, soybean protein, and quick-lime. Depending upon the pressure applied, it may be molded in densities ranging from 4 to 50 lb. per cu. ft. and may be produced in any form for which a mold may be made and in any thickness from $\frac{1}{8}$ to 6 in. Research for Industry, Inc., 2915 Detroit Ave., Cleveland, credits its product with relatively high strength, low heat conductivity, resistance to fire, and attractive appearance.

Designed as a substitute for metals and plastics, the material may be used in insulating building boards, doors, sash moldings, gutters, veneer cores, air ducts, roofing, furniture, cabinets, truck and bus bodies, and other products.

THINGS TO COME

Buses are coming with fluorescent lighting, along with subway and trolley cars. Fluorescents that will stand the rough treatment of transit service are now a reality. And more, they can be operated on the subway or trolley direct-current system without benefit of special converters. For buses, an efficient new converter changes the low-voltage d.c. to high voltage a.c. to light the tubular lamps.

Esthetically superior to incandescent lamps, the fluorescent tubes are about three times as efficient, distribute the illumination more uniformly, and add relatively little heat to the passengers' summertime discomfiture.

- Hacksaw blades which snap in two under the strain imposed by inexperienced users may soon be a thing of the past. Expected to be available this year are blades with high-speed tool-steel teeth on a backing of low-alloy steel having high shock resistance.

PHOSPHATES

To Feed a Hungry World



- The bucket of the new dragline has a capacity of 21.4 cubic yards, so large it can hold a full size automobile.

- World-wide requirements for food are expected to increase the demand for phosphates to a new high level in the United States, Europe and the Far East. To increase production to meet this demand International is expanding its sources of raw material and adding new mining equipment.

International has recently purchased a 2,000-acre property at Bartow, Florida, containing large deposits of higher grade ore which will be developed into the largest phosphate mining operation in America. It will be completely mechanized for efficient, low cost operation and will have a life of twenty-five years.

At its Peace Valley Phosphate Mine, International has recently placed in operation the largest dragline excavator ever used in the industry. It will greatly increase the output of phosphate and achieve far more efficient and economical production. Another unit has been ordered for the new operation at Bartow.

Since 1909, International's mining operations have kept pace with the growing world-wide need for phosphates as a result of its research and development of new processes to increase production, improve the product and reduce costs. Today, with its huge resources of high-grade ore and its mining facilities, International is well prepared to supply expanding domestic and foreign markets with phosphates for both agricultural and industrial purposes. International Minerals & Chemical Corporation, General Offices: 20 North Wacker Drive, Chicago 6.

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If you've experienced the irritating problem of "detours" in your search for the right plastic for your needs, you'll be quick to appreciate Monsanto Plastics... and Monsanto Plastics Technical Council:

1. Monsanto has one of the broadest and most versatile families of plastics in the entire industry... "Not every kind of plastic but a plastic for practically every kind of job."
2. Monsanto Plastics Technical Council... ten picked plastics experts representing ten different phases of plastics practice... offers to any molder, fabricator or end user of plastics a thorough, practical consultative service on any plastics problem, whether it concerns methods, materials, design, costs, supply, etc.

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The broad and versatile family of Monsanto Plastics includes: Lustron* polystyrenes • Cerec* heat resistant thermoplastics • Vinyl acetals • Nitron* cellulose nitrates • Fibeston* cellulose acetates • Thalid* for impression molding • Resinox* phenolics • Resimene* melamines • Forms in which they are supplied include: Sheets • Rods • Tubes Molding Compounds • Industrial Resins Coating Compounds • Vuepak* rigid, transparent packaging materials.

*Reg. U. S. Pat. Off.

MONSANTO
PLASTICS

SERVING INDUSTRY... WHICH SERVES MAN

FINANCE (THE MARKETS-PAGE 118)

Into La Salle Street

Big-time Chicago bankers, knowing Owen L. Coon, wonder how his bank's invasion of the Loop is going to affect them.

La Salle Street's seven established banks this week feel a newcomer's elbow in their ribs.

The new neighbor is small, but the big-time Chicago bankers do not laugh it off as a competitor. Rather, they wonder whether it will cut itself a share of their business, develop substantial deposits, and perhaps climb into the big time.

• **Ready to Expand**—The Chicago Terminal National Bank got its start and its name west of the river. Last Monday it opened for business at Monroe and La Salle streets in quarters spacious enough to handle totals well into the hundred-millions.

Before the mid-20 mergers, most major buildings on La Salle Street housed sizable banks. When the dust of 1933's closings had settled, only four banks of downtown stature remained.

• **How They Stand**—During the 13 intervening years, only three of the vacant floors have drawn bank tenants: a refinanced bank, a neighborhood-type bank moved over from the lake front, and a bank organized from scratch (BW-Jan.20'40,p44).

As of Dec. 31, 1945, resources of the seven La Salle Street banks (000,000 omitted) were:

Continental Illinois Natl.	.....	\$2,827
First Natl.	.....	2,475
Northern Trust	.....	731
Harris Trust	.....	585
City Natl.	.....	351
American Natl.	.....	237
La Salle Natl.	.....	56

The Terminal has \$34 million. What makes it a competitor to take seriously is fiftyish, balding, chunky Owen L. Coon. His sole title in the bank is director, but he owns control and sets the policies. He is also chairman and principal owner of General Finance Corp. (BW-Apr.22'44,p72), which is much smaller than the Big Four of finance, but is in total volume fifth largest by a good margin.

• **Time-Paper Laboratory**—Coon in 1939 bought the Terminal, then a neighborhood bank. He wanted to find out whether the banks could chase the finance companies out of their own yard. If so, he intended shifting G.F.C.'s capital out of instalment paper. Until about

a year ago he felt sure he would have to do just this.

More recently he has been singing a different tune. Liberalizing the Terminal's credit policies to the limit that national bank examiners would approve, he concluded that the big-volume route—dealer time paper—is closed to banks because only a few dealers are safe borrowers for deposit funds. Also, that getting enough paper direct from customers and through insurance agents (BW-Oct.6'45,p66) would be too expensive.

Coon has told bank groups that a few banks in each community can make money on time-payment loans. The Terminal's deposits grew from \$6 million to \$32 million in 1945 on what it learned from him about serving the time-payment needs of a small fraction of Chicago's instalment business.

• **Too Many Applicants**—Also, its earnings increased from \$3.72 on 10,000 \$20 par shares in 1939 to \$8.68 on 15,000 \$30 par shares in 1945, wholly on loan interest, while other banks have been hungry for commercial borrowers. Yet, during the past two years the Terminal kept turning away depositors for lack of work space, and refusing good-credit loans for lack of money to lend.

In the new quarters, these limitations should rapidly clear up. Coon is close-mouthed about plans, but old-line bankers are betting that on La Salle Street his bank will merely amplify what it did on the West Side.

• **Small-Town Swap?**—Bankers look for him to drum up deposits from country banks by swapping them instalment-



From across the Chicago River into the Loop moves Owen L. Coon with his Terminal National Bank, a small competitor that is expected to grow.



CURRENCY CUTUP

With her scissors, a clerk in a Finnish jewelry shop literally cuts part of the day's earnings in two to comply with the law. Faced with a highly inflated currency at the end of 1945, Finland required holders of 500-, 1,000-, and 5,000-mark banknotes to halve them. One half they spent or exchanged for new notes before Feb. 16. The other had to be deposited in a bank in exchange for a 2% bond repayable in 1949. Finland is the sixth European country which has recalled legal tender to help stabilize currencies.

credit know-how. On occasion, Coon remarks that in towns of 20,000 or smaller the banks really could run the big finance companies out.

Owen Coon grew up in Rantoul, Ill., where his family had a string of country elevators and the local telephone company. He went to Northwestern University, then through its law school. Characteristically, he immediately found so many ways to make money in Chicago that Rantoul looked uninviting.

• **Big-City Money**—When he started his law practice, every grain dealer had a sheaf of freight claims which the carriers dishonored as based on a misplaced comma in the standard bill of lading. Brand-new Lawyer Coon took first his father's claims, then those of members of Farmers National Grain Dealers Assn., on a percentage of what he might collect. He promptly beat the railroads in court and earned a lump sum larger than his home town ever saw.

He invested part of this in a garage in Evanston, Chicago suburb. Presently a small finance company sought him out, borrowed up to \$25,000 at 1% on monthly balances, giving time paper as collateral. In watching this, Coon learned about repossession, loss ratios, and profit possibilities.

• **Pyramiding Profits**—It looked better than the law. So he got together \$100,000 of Coon family cash and started Motor Acceptance Corp. above the garage. Within a dozen years his company had half a million capital, and he rated high in the industry.

General Finance Corp. of Detroit had \$750,000 capital and an earnings record that by 1934 had kept the preferred stockholders worried for years. They called Coon to the rescue. He took the job for 25% (in common stock) of whatever G.F.C. should make above preferred dividend requirements. Within 18 months this gave him control of G.F.C. and he merged it with M.A.C.

• **Method of Operation**—Since then, Coon has picked dozens of good openings. His standing rule is: "Never buy blue chips. Buy cats and dogs and make them into blue chips." Normally the largest holder of common, he objects to diluting common equities. He pulled off many a deal along the lines these rules indicate.

One spectacular job was buying with G.F.C. preferred a run-down investment trust that held \$1,750,000 liquidating value in market securities. He sold these assets, thus got G.F.C. this money at no fees to investment bankers, and with no dilution.

• **Toothpick Equity**—In 1943 G.F.C. purchased, subject to a big existing mortgage, the late Samuel Insull's prize white elephant, the 42-story Chicago Civic Opera Bldg., complete with two theaters. Coon got it on what he calls a toothpick equity. He paid \$141,000 cash, promised to pay \$125,000 more in five instalments. Thus far G.F.C. has taken in more cash than it has paid out, and bids fair eventually to emerge owning the property for perhaps 1% of its value.

Coon combines a salesman's enthusiasm, a credit man's caution, an auditor's passion for figures, and a cowhorse's ability to pivot on a dime. When war controls threatened automobiles and appliances, G.F.C. began buying industrial companies—strictly according to Coon's rules.

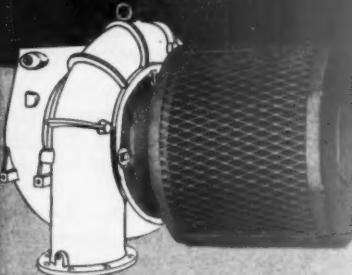
• **Back to '41 Levels**—Within two years the parent company's earnings were higher than ever. On today's automobile output, G.F.C. has new-car paper equal to 55% of its 1941 holdings.

In view of all this, La Salle Street appraises the Chicago Terminal National Bank's move to the Loop in terms not of its size, but rather of what Coon may do next. Nobody ever is sure.

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Auto Rates Up

Collision premiums rise as over-age cars figure in postwar accident trend and settlement of damage claims becomes costlier.

Substantially higher rates on all new private and commercial automobile collision insurance policies were put into effect this week in 33 states, the District of Columbia, Hawaii, and Alaska and by members of the National Automobile Underwriters Assn. Principally responsible, N.A.U.A. reports, is "the increasingly poor experience" of underwriters lately owing to various still uncorrected war-caused conditions and to the higher postwar costs of settling claims.

• **Sharp Increases**—Under the new setup, rates for physical damage coverage on private automobiles have been hiked about 30% above their previous levels. Rates for commercial car coverage in this respect have been increased about 10%. And a few minor changes have likewise been effected in the rates charged for automobile fire and theft insurance.

States other than those directly involved in this week's rate lifting are expected to approve similar steps very shortly.

• **Nominal Delays**—In New York State, one of the current exceptions, for example, the revisions in question are already under consideration, and acceptance appears to be delayed only by the filing of supplementary data requested by the insurance department. In Texas, where the new rate schedules have also been filed, a public hearing on the matter before the insurance board is scheduled to begin this week.

For some months now, according to trade circles, underwriters specializing in automobile collision insurance have been increasingly affected by the sharp squeeze on the reduced premium rates which were placed in effect during the war by (1) the marked rise in the number of accidents since the war's end and (2) the rising cost of settling the damage claims.

• **Major Causes**—The situation has become progressively worse since the lifting of gasoline rationing increased the use of cars. Contributing to the post-war uptrend in the accident rate are the greater average age of cars on the road; the lack of auto parts, new tires, and proper maintenance; and the deterioration of highway policing.

Underwriters expect no quick over-all correction, believing that many of the trouble-causing models now operating on the highways will remain in use at least through 1948.

What's New at Metropolitan?

There is much good news for policyholders in the 1945 record of the Metropolitan Life Insurance Company.

Payments to policyholders and their beneficiaries reached a new all-time high of \$623,000,000.

Mortality among policyholders, excluding war deaths, was the lowest on record. The yield on the Company's investments followed the general trend and declined somewhat. The Company had asset gains which made it possible to revise policy and annuity reserves so as to reflect lower interest earnings. Scales of dividends to policyholders were maintained, and in some cases slightly increased.

Unassigned surplus funds at the year end amounted to \$448,600,000. In addition the Company had special surplus funds of \$109,400,000, of which \$95,100,000 represented a special reserve for possible loss or fluctuation in the value of investments and \$14,300,000 a Group Insurance reserve for epidemics, etc. These funds represent an extra cushion of safety for policyholders.

In its report to policyholders for 1945, Metropolitan provides answers to many of the questions a policyholder would be likely to ask if he could make a personal visit to the Company. Among questions answered, for example, are...

Were there many extra claim payments last year due to the war?

Would longer life for policyholders reduce the cost of Life Insurance?

In what types of investments did the Company put its money?

What does the Company advise about National Service Life Insurance?

In addition to answering these and many other questions, the report gives a financial summary of the Company's operations during 1945. Whether or not you are a policyholder, you will find this report interesting and informative. To get a copy, just write and ask for the Company's annual report entitled, "What's New at Metropolitan?"

BUSINESS REPORT FOR 1945

In accordance with the Annual Statement as of December 31, 1945, filed with the New York State Insurance Department.

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Policy Reserves Required by Law. \$6,400,802,374.47
This amount, together with future premiums and interest, is required to assure payment of all future policy benefits.

Policy Proceeds and Dividends Held at Interest. These are funds left with the Company to be paid in the future.

Reserved for Dividends to Policyholders. Set aside for payment in 1946 to those policyholders eligible to receive them.

Other Policy Obligations. Claims in process of settlement, estimated claims not yet reported, premiums received in advance, etc.

Taxes Accrued. Includes estimated amount of taxes payable in 1946 on the business of 1945.

Contingency Reserve for Mortgage Loans

Miscellaneous Liabilities

TOTAL OBLIGATIONS

123,338,706.00

67,108,358.06

20,019,592.00

21,000,000.00

29,587,557.57

\$7,003,930,454.93

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

National Government Securities \$3,901,918,692.03
United States and Canadian.

Other Bonds. Provincial, State, and Municipal \$ 92,780,754.21
Railroad 584,361,368.30
Public Utilities 656,189,313.94
Industrial and Miscellaneous 396,006,750.12

Stocks. All but \$4,076,225.49 are Preferred or Guaranteed. 114,550,034.03

First Mortgage Loans on Real Estate 870,363,554.77
Farm \$ 86,606,570.02
Other Property 783,756,984.75

Loans on Policies. Made to policyholders on the security of their policies. 343,512,038.44

Real Estate Owned. Includes \$39,300,334.74 real estate under contract of sale and \$147,436,299.08 Housing Projects and real estate for Company use. 259,557,120.46

Cash. Deposited in banks, in transit, or on hand. 175,687,154.11

Other Assets Premiums due and deferred, interest and rents due and accrued, etc. 167,070,489.96

TOTAL ASSETS TO MEET OBLIGATIONS \$7,561,997,270.77

Thus, Assets exceed Obligations by \$558,066,815.44. This safety fund, representing about 8% of the obligations, serves as a cushion against possible unfavorable experience and gives extra assurance that all policy benefits will be paid in full as they fall due. This fund is made up of:

A Special Surplus Fund (including \$95,112,000.00 for possible loss or fluctuation in the value of investments) \$109,422,000.00
Unassigned Funds (Surplus) 448,644,815.44

NOTE: Assets carried at \$360,747,351.78 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.

HIGHLIGHTS OF 1945 OPERATIONS

Life Insurance in Force, End of 1945 \$31,261,969,817 **Paid-for Life Insurance Issued During 1945** \$2,143,423,150
Amount Paid to Policyholders During 1945 \$623,443,185.86

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)



Frederick H. Ecker, CHAIRMAN OF THE BOARD

Leroy A. Lincoln, PRESIDENT

1 MADISON AVENUE, NEW YORK 10, N.Y.

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1946



As it completes One Hundred Years of Transportation Progress...

PENNSYLVANIA RAILROAD REPORTS FOR THE YEAR 1945

INCOME STATEMENT

INCOME:

	Year 1945	Comparison with 1944
Operating Revenues	\$603,561,529	D \$70,833,779
Freight	258,864,571	D 1,940,611
Passenger	14,821,654	D 21,015
Mail	10,836,165	D 1,327,154
Express	48,369,692	I 560,058
Other	936,453,411	D 73,562,501
Other Income—chiefly dividends and interest on securities owned	*42,990,622	I 3,717,973
Total	979,444,033	D 69,844,528

EXPENSES:

Operating Expenses	783,947,431	I 47,628,686
Taxes	54,340,013	D 98,498,395
Equipment and Joint Facility Rents	10,985,428	D 901,265
Rent for Leased Roads, Interest on Debt, etc.	81,162,923	D 2,361,361
Total	930,435,795	D 54,132,335
Net Income	49,008,238	D 15,712,193

DISPOSITION OF NET INCOME:

Appropriations to Sinking and Other Funds, etc.	3,680,996	I 436,438
Retirement of Debt—Pennsylvania R.R. Co.	†	D 18,767,970
Dividend of 5% (\$2.50 per share)	32,919,385	—
Balance of Income	12,407,857	I 2,619,339

*Includes dividend of \$5,000,000 (par value) in securities received from Pennsylvania Company.

†\$21,189,880 of debt was retired from current cash and other assets in 1945.

RESULTS FOR THE YEAR

The high level of business that prevailed during the war years continued during 1945, the volume being the third largest in the Company's history, and exceeded only in 1943 and 1944.

Costs of operation constantly increased due to higher costs of labor and higher costs of materials. Operating revenues of the Company declined \$73,562,501, caused by the cessation of hostilities and labor disturbances in some of the larger industries. Expenses of operation increased \$47,628,686, including \$41,395,479 to cover the unamortized portion of the cost of emergency facilities required for the prosecution of the war. The Net Income in 1945 was \$49,008,238 compared with \$64,720,431 in 1944, a decrease of \$15,712,193. Notwithstanding this decrease in Net Income, dividends paid in 1945 were maintained at the same rate paid in 1944, 1943 and 1942—5% (\$2.50 per share).

TRANSPORTATION FOR THE FUTURE

The country's vast system of airways, highways and waterways will be expanded

at the Government's expense, while all of the improvements for the railroads will be privately financed. The problems with which the railroads are faced as a result of the war should have intelligent consideration by state and national authorities wherever regulation restricts the opportunity for the rails to move forward.

The railroads want no subsidy; they want equity. They are a heavily taxed industry competing with subsidized industries, and all they ask is equality of opportunity.

As the railroads planned to meet the requirements of war, so they are planning for the opportunities of peace, and given a fair and equitable chance they will furnish the public the best in freight and passenger service.

TAXES

The Pennsylvania Railroad Company during the war years paid in taxes and disbursed for improvements and repairs, to meet the war load a sum of money equal to the entire debt upon the property. A national railroad system without any debt would place the railroads in the same position as their com-

petitors, as the Government furnishes a large amount of the capital for the waterways, the highways and the airways.

There was much deferred maintenance during the war period. The Interstate Commerce Commission gave the railroads authority to create reserves to meet this situation. The taxation system, however, would not permit them to take any tax benefit on reserves so created, and money that should have been set aside for this purpose was taxed the same as other income. Deferred maintenance must, therefore, be paid out of post-war earnings, and the more the post-war earnings are siphoned off through taxation, the less will be the money the railroads can spend on rehabilitation and improvements.

Railway taxes, after adjustment by tax credits of \$24,443,381 for prior war years, together with Unemployment Insurance taxes of \$12,741,141, and Railroad Retirement taxes of \$13,802,891, aggregated \$54,340,013.

LEGISLATION

To clarify the intent of Congress with

8...
respect to carriers subject to the Interstate Commerce Act, and to resolve any regulatory conflicts with the Antitrust laws, Congressman Bulwinkle of North Carolina introduced a bill, H. R. 2336, known as the Bulwinkle Bill, which gives such carriers protection from the Antitrust laws only to the extent that their acts and procedures have obtained prior Commission approval. The Bill was endorsed by the Interstate Commerce Commission and numerous state commissions, and by public and commercial bodies and by shippers and producers generally. It was passed by the House by a large majority and now awaits action by the Senate.

To insure consistent policies with respect to legislation, and the future efficiency of the transportation system, the Bill is worthy of the earnest support of the people, who have recently seen the vital importance to the nation of the ability of the carriers to work together in the public interest.

FREIGHT AND PASSENGER RATES

The railroads have done the war job with practically no increase in freight rates and a relatively small increase in passenger fares— $\frac{2}{10}$ of a cent per mile in basic coach fares and $\frac{3}{10}$ of a cent per mile in fares good in Pullman cars.

The year 1946 will be one of greatly increased cost of operation and maintenance with a decreasing business, and it is therefore imperative to consider the need for increased railroad freight rates.

The railroads were granted a 5% increase in freight rates, in May, 1942, which however was suspended until six months after the war; but, as the situation appears to be developing, it will be necessary for the railroads to petition the Interstate Commerce Commission for an increase greater than that under suspension, in order to meet greatly increased expenses and avoid deficit operation.

Large expenditures must be made for the rehabilitation of the railroads. All of these necessities will require money in large amounts. Money requires credit, and the credit of the Company is very much affected by the rates at which the business is carried.

REDUCTION OF FUNDED DEBT

Maturities during the year amounted to \$11,807,880, which together with other debt retired and canceled amounting to \$9,382,000, made a total reduction of \$21,189,880 in 1945. This reduction was offset, in part, by the issuance of \$16,290,000 Equipment Trust Obligations.

In addition, as a result of refinancing of bonds and purchases from the public, other debt of System Companies was reduced \$5,380,087.

The debt of the System in the hands of the public was, therefore, reduced \$10,279,967 in 1945, making a net reduction of \$148,670,000 during the last six years.

REFINANCING OF BONDS

The Company continued its policy of taking advantage of the prevailing money rates to refinance certain of its bonds, as well as those of its affiliated companies, and was able to make some very advantageous re-

fundings, from which it will ultimately realize approximately \$47,000,000 of savings.

EQUIPMENT

The ending of the war made it possible to acquire materials for construction of passenger cars, and there are under construction one hundred and twelve modern passenger train cars, of lightweight construction, of which ninety are being built in Altoona Shops, and twenty-two by an outside builder. They are the finest type ever to be built for the Company, and are especially designed for safety.

Since the close of the year, orders have been placed with outside builders for the construction of two hundred and fourteen passenger train cars of which one hundred and fifty-nine are to be sleepers, for the improvement of the post-war passenger service on the railroad.

Twenty-five of the largest and most modern steam freight locomotives and tenders were placed in service during the year. Orders were placed for fifty additional steam passenger locomotives and tenders and part of the order was delivered. One Diesel electric passenger locomotive was delivered during the year, and ten more were ordered.

On December 18, 1945, the District Court of the United States for the Eastern District of Pennsylvania approved the sale by Pullman Incorporated to a Buying Group of Railroads of all the outstanding stock of its wholly owned subsidiary, The Pullman Company, which owns and services the sleeping cars.

The Pennsylvania Railroad Company, as one of the railroads in the Buying Group, has purchased from The Pullman Company 142 lightweight sleeping cars assigned for service on its lines, as well as 123 regularly assigned parlor cars.

RESEARCH

The Company, always seeking through research in science and technology, through discovery and invention, to be in the forefront of progressive improvement in railroad travel and shipping, has continued to move forward during the year. Through its own research staff, through the research laboratories of the Association of American Railroads, and cooperatively with equipment manufacturers, the Company is alert in utilizing to the utmost improvements in the field of electronics, metallurgy, chemistry and engineering, which can be applied to increase the efficiency, comfort and safety of rail transportation.

EMPLOYES

As we come out of the war and enter the peace, it is a pleasure to acknowledge the efficiency and loyalty of the employees of the Pennsylvania Railroad and their devotion to duty.

From the low ebb of the depression in 1938, with a depleted force, the Company moved into the heavy traffic of the war, met the peak load of its history, both passenger and freight, and is moving into the reconversion era. The Management wishes to acknowledge the splendid way the employees served their Country and the Company by

meeting successfully every emergency they were called upon to face.

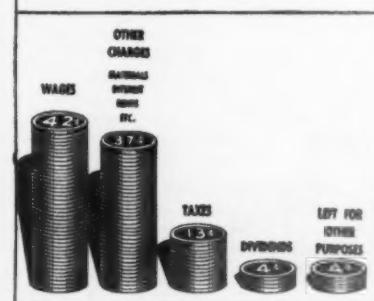
STOCKHOLDERS

The growth and expansion of the Company during the one hundred years of its existence is reflected in the number of shareholders, the shares outstanding and their distribution. When the Company was chartered there were 2,635 subscribers to the original issue of 60,257 shares of stock of the par value of \$50 each, being an average holding of 22.87 shares by each subscriber.

On December 31, 1945, there were 214,995 holders of stock, and the number of shares outstanding had grown to 13,167,754. The average holding was 61.24 shares.

M. W. CLEMENT, President.

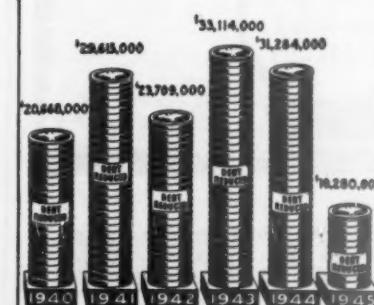
WHERE THE DOLLAR WENT WAR YEARS 1941-1945



After providing for operating expenses, interest rentals and other necessary charges, over half the remaining income went to taxes.

NET REDUCTION IN SYSTEM DEBT IN HANDS OF PUBLIC

SIX YEAR REDUCTION \$148,670,000
(1940-1945)



There has been a steady and substantial reduction of funded debt in the hands of the public, as this graph shows. Over the last six years the Pennsylvania Railroad System debt has been reduced \$148,670,000.

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Serving the Nation

BUY UNITED STATES
SAVINGS BONDS

WE BRING YOU
NEW PRODUCTS
WITHOUT CHARGE
OR OBLIGATION...

★ You can obtain new products and processes without encountering the usual expense and difficulties by subscribing to our New Products Service for Manufacturers.

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Rock Bottom?

Many in Wall Street believe that low yield record set in sale of recent U.P. bond issue will be unbroken for some time.

The postwar march of money rates to historic new lows continues in the corporate new issues market despite the fears often expressed over the trend by many nongovernmental fiscal authorities (BW-Sep. 8 '45, p63).

Nowhere has the move been more noticeable during March than in rail financing, the same field which but a short time ago generally held so little allure for underwriter or investor (BW-Dec. 22 '45, p63).

• **C. & O.'s Feat**—Early this month, for example, Chesapeake & Ohio R.R., one of the top-notch rail financial risks, started the ball rolling with a sale of ten-year serial equipment trust certificates at the amazingly low interest cost of 1.198%, compared to the 1.494% cost involved when C. & O. accomplished a similar financing operation last July.

Even more spectacular and record-breaking, however, is the considerably larger piece of March financing accomplished subsequently by the Union Pacific Railroad, another of the few carriers enjoying A-1 credit rating.

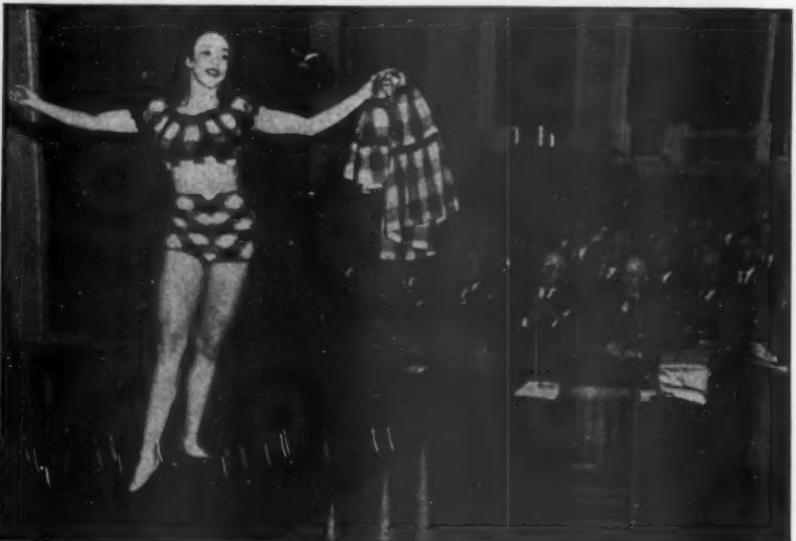
• **Another First**—Following its sale in early February of \$44,500,000 2 1/2%

30-year debentures at the up-to-then record low interest cost of only 2.51%, Union Pacific last week established another first in rail financing. It disposed of \$81,602,000 45-year 2 1/2% mortgage bonds at a cost to itself of 2.45% to refund shorter term 3s sold so recently that holders of the to-be-retired issue have yet to cash their first interest coupon.

Winner of the competition for the bonds was Halsey, Stuart & Co., Chicago's stalwart proponent of competitive bidding. It walked off with the prize with a bid of 101.27% of par as against a 101.1899% offer made by the only other contestant, Kuhn, Loeb & Co., long U.P.'s traditional bankers until Robert R. Young and his cohorts were able to convince the Interstate Commerce Commission (BW-May 20 '44, p68) that virtually no new rail securities should be sold by privately negotiated deals.

• **Priced to Yield 2.42%**—Halsey, Stuart promptly wrote a new page in rail financing history by reoffering the new issue publicly at a price giving purchasers a yield to maturity of only 2.42%, compared with the previous record-low return of 2.47% obtainable in the U.P. February refunding operation (BW-Feb. 9 '46, p90), which the same firm also snatched away from Kuhn, Loeb.

The most recent issue, however, didn't encounter the avid demand that last month's financing did. The so-called Big Five life insurance company group, for example, soon indicated that the bonds were far too rich for their



STOCKHOLDERS' MEETINGS CAN BE FUN

Production figures take on unwanted glamor as Dan River Mills stockholders, registering decorous satisfaction, study company achievements—at a style show. Part of the annual meeting at Danville, Va., the show—with mill employees as models—bolstered visually the report that Dan River fabrics are getting wide distribution, are used in California- and New York-designed togs.

C in Chicago
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CONGRESS HOTEL
Smart... Pleasant
Convenient

to then
2.51%,
bed an-
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investment portfolios and staged a "strike," just as they did last fall after earlier warnings to underwriters that prices of new offerings were getting too high (BW-Sep. 8 '45, p63). (This defection always hurts, since the big life companies comprise one of the new issue market's biggest standbys.)

• **Holding Aloof**—Owing at least in part to the Big Five's decision, there has been no concerted effort of other important buyers to get on the band wagon. As a result, several days after the date of the original offering, Wall Street reports, Halsey, Stuart still had on its hands, unsold, some 50% or more of last week's \$81,602,000 U.P. offering.

The Street likewise understands that the same house still has a substantial unsold amount of the \$50,000 new Southern Pacific 2 1/2s which it won from Kuhn, Loeb & Co. at competitive bidding about a month ago and publicly reoffered at a price of par. Here again the refusal of the big insurance companies to become enthusiastic over a new issue has resulted in stickiness, despite the receptiveness of some others in the same line.

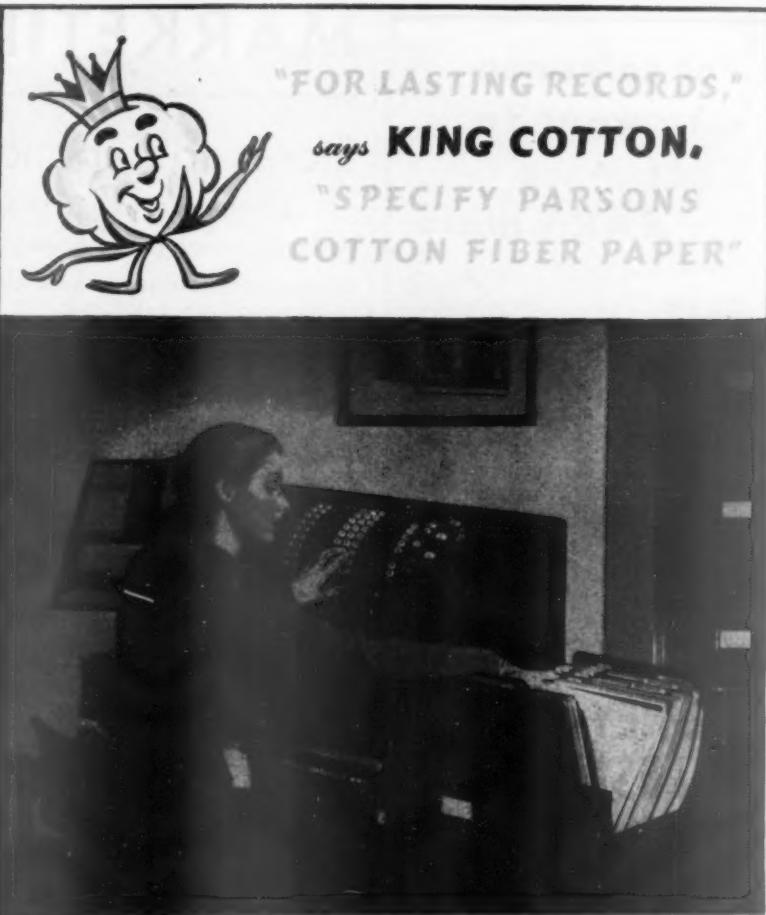
• **Rock Bottom?**—Because of these events, more than a few Wall Streeters (even though there are no real signs indicating that the "new issues bull market" is winding up) appear to believe strongly that last week's U.P. operation will long constitute a low record in the field of corporate underwriting. They are not so certain, either, that what has occurred lately may not have quite sharp price repercussions in the case of some of the many rail refunding operations which are now scheduled for public presentation in the weeks ahead.

Particularly watched will be the coming \$75,000,000 Great Northern Ry. refunding financing and the \$25,000,000 refunding operation that Southern Pacific, which in recent weeks has engaged in \$100,000,000 of financing, has on tap.

VETERANS' REFRESHER

One of the big problems in the professions these days is to find a tactful and effective way of helping veterans to brush up on the fine points of their callings before going back to work. The American Institute of Accountants has just tackled its part of the problem by publishing a comprehensive refresher course, in one volume, titled *Contemporary Accounting*.

The book's 700 pages combine a review of basic principles with a summary of major developments in the field during the past five years. It will be used mainly for college courses and for review sessions sponsored by state accounting societies and individual firms.



"FOR LASTING RECORDS,"
says **KING COTTON.**
"SPECIFY PARSONS
COTTON FIBER PAPER"

Wherever records on cards or sheets take a beating from use by hand or machine, you'll find cotton fiber paper. But even for records that are consulted or posted infrequently, it pays to use firm, strong, *permanent* cotton fiber paper. For only with cotton fiber paper can you be sure your

records will last as long as they should.

Parsons ledger papers and index bristols are made in matched sets and colors for easy handling and reference.

So for record papers or cards that will do a better job because they're better made, remember, *it pays to pick Parsons.*



PARSONS PAPER COMPANY • HOLYOKE, MASSACHUSETTS

**For salesmen
who want to
SELL more
EARN more**

**JUST
PUBLISHED**



The common sense and practical methods of effective selling, in a plain course by a master salesman.

MONEY-MAKING SALESMANSHIP

By MICHAEL GROSS

President, Keystone Lithograph Co.

196 pages, \$2.00

HERE'S a 1945 manual of sane selling methods to help you build sound selling habits, lasting customer contacts, the money-making stability that pleases the home office and puts profits in your pocket.

- Written by a salesman of 30 years' experience, its pages avoid high-pressure, stunts and fancy flourishes—give you the solid, sensible, down-to-earth instruction that you can use to nail an order from your first prospect tomorrow morning.
- Every phase of selling is thoroughly covered—learning the fundamentals, selecting prospects, pre-approach, what to say when you get in to see a prospect and how to say it, factors that help land orders and those that help lose them, how to demonstrate your product effectively, and how to close the sale.
- This is a manual to start the budding salesman right, on what to do, what to say, and what not to say, to get business—to help the veteran iron out the wrinkles of habit in his technique. Read it—test it—10 days free.

Send this Examination Coupon Now

McGraw-Hill Book Co., 330 W. 42 St., N. Y. 18
Send me Gross—Money-Making Salesmanship for 10 days' examination on approval. In 10 days I will send \$2.00, plus few cents postage, or return book postpaid. (Postage paid on cash orders.)

Name
Address
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Company
Position
For Canadian price write to Embassy Book Co.,
12 Richmond St. E., Toronto.

MARKETING

Stores to Expand

Billion-dollar program will be largely devoted to enlarging main units but suburban branches will also get much attention.

Unless the government suddenly flashes the red light to give right of way to the housing program, department stores this year will begin a dollingup and expansion program costing an estimated billion dollars.

Flush with wartime cash, the stores feel they can afford to refurbish after five years of unprecedented wear and tear.

- **Ready Answer**—To skeptics who point out that wartime prices still prevail on construction, and that expansion may be unwise because a store normally needs its full capacity only during the six holiday weeks, proprietors have a ready answer.

It may be true, they say, that in normal times a store has 20% to 33% excess plant for 46 weeks of the year, but the way things are going now it's hard to tell July from December. So long as this boom continues, additional capacity and/or frills are worthwhile.

- **Where Money Will Go**—There is considerable diversity, however, in how the

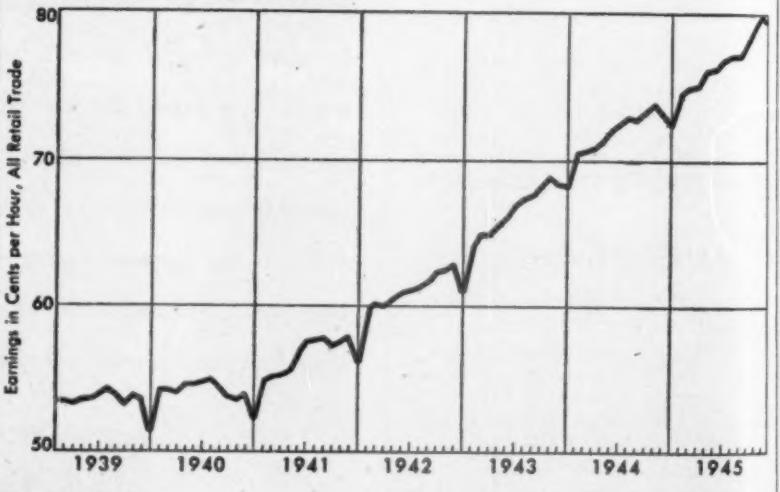
money earmarked for building will be spent. From spot checks, as well as a survey made by the National Retail Dry Goods Assn., it appears that the heaviest outlay is for adding more space to the main store.

Among those following this course are Rich's in Atlanta (\$5,000,000 for additions and improvements); Rollman & Sons in Cincinnati (\$1,000,000 for a ten-story adjacent store); William Taylor Sons in Cleveland (\$1,000,000 for an annex and improvements); J. L. Hudson in Detroit (\$4,000,000 for more floor space, new fixtures, and a new warehouse); Bullock's, Inc., of California (\$12,000,000 for a revamp of its properties); Abraham & Straus of Brooklyn (\$4,000,000 for more selling space); Best & Co. of Manhattan (\$3,000,000 for a new building on a \$3,000,000 site); and Gimbel's of Philadelphia (\$1,000,000 for improvements and efficiencies).

- **Suburban Branches**—The second biggest group of spenders is putting primary emphasis on suburban branches. This group includes the top-drawer specialty shops which even before the war found it practical to follow the polo crowd to swank out-of-town haunts.

New converts to the idea now include some of the price-conscious stores which figure it's wise to hedge against snarled downtown traffic conditions and take the shop to the customers. Sears, Roe-

RETAIL WAGES RISE



Labor shortages drove retail wages to new highs during the war, and the unions are seeking to consolidate and increase such gains. Last week Manhattan's mammoth Macy department store signed with Local 18 of the C.I.O. for a \$4 weekly wage increase, biggest single boost of record in the department store field. Macy minimum wages now start at \$21.50 for selling staff (\$21 for nonsellers), which jump to \$26 after 60 days.

and Montgomery Ward, of course, were pioneers in this direction for many a year.

Macy's Method—Most ardent non-mail-order believer in suburban branches at present is R. H. Macy & Co. It is applying a "mother hen and chick" principle of expansion, consisting of a main store in a central location ringed about by a brood of smaller stores in outlying areas.

The "chicks" benefit by the main store's advertising, have relatively lower operating costs, and presumably will create a net increase in Macy customers. Setting in the trade is that Macy's hereafter will spend more money for chicks than hens.

Offshoots—So far Macy's prize hen, the mammoth store in Manhattan, has one offshoot in Parkchester, N. Y., with others planned for Jamaica, L. I., White Plains, N. Y., and Brooklyn. In San Francisco, where Macy's recently acquired the O'Connor, Moffat department store (BW—Jul. 14 '45, p32), competitors say that the property was purchased mainly as a nest from which to hatch a brood of chicks all over the Bay area.

In cities where the population pattern does not warrant more than one store, Macy's is adopting the principle of locating branch stores in smaller cities some distance from the main metropolis, but still within the big, broad marketing area. Thus Davison-Paxon (the Macy affiliate in Atlanta) has branch stores in Macon and Augusta. Lasalle & Koch (the Toledo affiliate) has branches in Bowling Green and Tiffin, Ohio.

Ohio Pattern—Another convert to the branch store idea is the M. O'Neil Co. of Akron (an affiliate of the May Stores). O'Neil already has branches in Cuyahoga Falls and Massillon, now plans outlets in Coshocton and Mansfield. Rumors are that O'Neil eventually will have about ten branches in northern Ohio.

Other stores heading for the suburbs with varying degrees of speed include Loehschild, Kohn of Baltimore, Burman's of Miami, B. Altman of Manhattan, Arnold Constable of Manhattan, Lord & Taylor of Manhattan, Bonwit Teller of Philadelphia, Famous-Barr of St. Louis, Frederick & Nelson of Seattle, and The Hecht Co. of Washington, D. C. Some of the foregoing already had at least one branch prior to the war, and now are catching up with their interrupted policy. Add to the list the major mail-order companies which will improve their existing stores while adding new ones.

Modernization—Aside from appropriations for expansion, a pretty penny will be spent for remodeling and redecorating the premises. First item in line for this type of cash is new escalators to speed traffic flow. Modern fixtures are



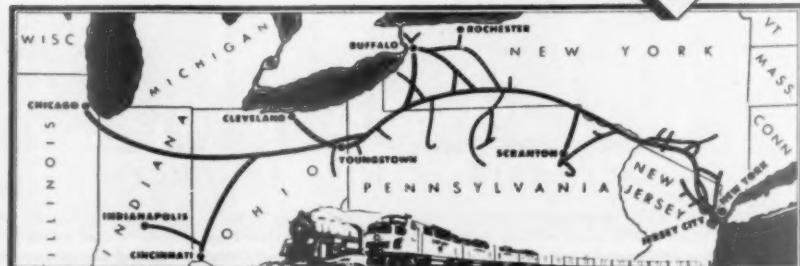
Today you pay more for the suit *less* for the freight

Since 1921 a suit of clothes and almost everything else has gone up in price. *But the price of railroad freight service has gone down.*

Sure, the cost of operating a railroad has gone up, too—more than 50%. Yet, the average cost to the shipper is 25% less than in 1921...*less than 1 cent for hauling a ton of freight one mile!*

—All because progressive private management wisely reinvested earnings in better tools and equipment for skilled railroad workers to use in providing America with the finest transportation at the *lowest* possible cost.

Erie Railroad SERVING THE HEART OF INDUSTRIAL AMERICA



OLD MAN COMPETITION IS CHANGING THE PICTURE...



ROEBLING PRODUCTS can help you face it!

INITIAL COST of equipment or material doesn't determine its economy. What really counts is how well it helps reduce your *total* operating costs . . . to meet competition.

You'll find that ability in *every* Roebling product — wire rope or electrical cable, round, flat or shaped wire, woven wire screen or strip steel. Always dependable, it performs its share of the over-all job . . . works to eliminate costly shutdowns or rejects.

Look to Roebling as *one* source of several cost-savers. They fit right into today's competitive picture.

JOHN A. ROEBLING'S SONS COMPANY
TRENTON 2, NEW JERSEY
Branches and Warehouses in Principal Cities



Wire Rope and Strand • Fittings • Slings • Electrical Wires and Cables • High and Low Carbon Acid and Basic Open Hearth Steels • Wire Cloth and Netting • Aerial Wire Rope Systems • Cold Rolled Strip Aircord, Swaged Terminals and Assemblies • Suspension Bridges and Cables • Round and Shaped Wire

No. 2, with air-conditioning running third on the list.

Garages and parking space for customers are getting more money and attention than ever before, what with increasing traffic difficulties in downtown areas.

Most spectacular, if not the most costly, will be the new store front. There will be show windows that won't block out a view of the inside of the store, and in some instances the show windows will disappear altogether. Modern designers insist that this "open front construction" is more inviting to customers, and that they won't be able to resist the herd feeling to join the shoppers inside.

• **Financial Aspect**—Financing of the construction is almost as diverse as the construction itself. Smaller programs usually can be paid for out of income reserves, or bank borrowing. More ambitious jobs are apt to call for sale of additional stocks and bonds. Branch stores, which as a rule are erected on leased property, often are joint enterprises between landlord and department store.

Big fear now is that Washington will call a halt to commercial construction so that all efforts can be concentrated on housing. But complete stoppage so far does not seem to be in the cards.

• **Expectations**—Programs already underway probably can be finished, although Washington has not definitely promised it. And where the housing shortage is less acute, it does not appear reasonable that other types of building will be stopped altogether. Local committees may be formed to decide. Small remodeling jobs are entirely outside the picture, won't be affected (BW-Mar. 16 '46, p5) no matter what happens.

AD ALLOWANCE POLICY

Because government officials and disgruntled independent grocers often assert that the big food chains get unduly fat advertising allowances from manufacturers, the chains have been careful about accepting this easy money. Now Safeway Stores, growing even stricter in its abstinence, has announced that it will refuse all allowances computed on national advertising rates.

The new policy obviously is designed to stop complaints that the chains get allowances based on national rates but buy ads at cheaper local rates, thus driving a profit. Safeway's memo on the subject makes two other points:

- (1) Safeway disapproves of all advertising allowances, and will use them only when forced to by competition.
- (2) The company will "give the brand promoter full value for the allowance. Only those allowances that can be earned by services performed in the normal course of business will be accepted."

AIR REDUCTION IN THE SURGICAL, MEDICAL AND DENTAL FIELDS

One of a Series of Messages Showing How "The Business of Air Reduction is the Business of America"

Skilled surgical fingers must not be handicapped by shadows on the vital operating field. The surgeon needs a soft, white, glareless light which is not blocked—and that penetrates to the depth of the surgical cavity. Such illumination is provided by the Operay Multi-beam.

This is but one of the contributions made to the medical and dental professions by The Ohio Chemical & Mfg. Co., a division of Air Reduction.



"Light without shadows"

Other Airco products include sterilizers and sutures...operating tables...gases and apparatus for anesthesia, therapy and resuscitation...and "DRY-ICE" for processing blood plasma...penicillin and other pharmaceuticals.

In other fields and industries Air Reduction products and processes play a similar essential role.

Your Red Cross must carry on...GIVE!



AIR REDUCTION

60 East 42nd Street, New York 17, N. Y.

Operating subsidiaries: AIR REDUCTION SALES COMPANY • MAGNOLIA AIRCO GAS PRODUCTS CO. • NATIONAL CARBIDE CORPORATION • PURE CARBONIC, INCORPORATED
THE OHIO CHEMICAL & MFG. CO. • WILSON WELDER & METALS CO. INC. • AIRCO EXPORT CORPORATION

Films to Books

Britannica will convert movies to printed page, market titles through dealers. Other byproducts to be pushed, too.

Venerable Encyclopedia Britannica (178 years) this month let it be known that it intends to capitalize on its wealth of byproducts.

The response to Encyclopedia Britannica Films (BW-Nov. 18 '44, p.46) has been favorable enough so that some titles will soon be converted into books. Britannica is confident that it can market in book form profitable quantities of titles that have proved their appeal in films.

• **To Use Dealers**—The really significant new departure for Britannica is that the books will be sold through dealers, not by subscription. Heading the trade books is Robert A. Whitney, formerly director of promotion, McGraw-Hill Publishing Co., Inc.

No imprint name has yet been selected for the line, but it will be chosen to exploit the Britannica prestige. Prices will be definitely competitive. Printing arrangements have not yet been completed.

Juvenile picture books will comprise the first series, treating with such quaint subjects as the life and habits of a turtle. Tentative plans call for these to appear in the fall, followed gradually by other lines. Company executives expect to explore the possibilities of all nonfiction types except textbooks.

• **An Eye for Profits**—If paper had been available, Britannica would have entered the trade book field much earlier. Many well-received trade books have been taken from Britannica in the past and marketed under the imprint of other publishers. George Saintsbury's articles on French literature, originally written for the Britannica, recently have been collected and published by Alfred A. Knopf under the title of French Literature and Its Masters. Eying the returns on this profitable reprint business, Britannica has now decided to keep them in the family.

The Encyclopedia Britannica belongs to William T. Benton, who holds it under a contract by which the University of Chicago gets all the profits in one way or another—including consultation and editorial fees (\$200,000 in 1945) for services by the university's faculty. Clearly, Britannica's new trade books cannot be permitted to compete with the University of Chicago Press; William T. Couch, director of the Press, will be a member of the Britannica's editorial committee. One guess is that sales and promotional tie-ins are pos-



SCRUBBABLE SLIPPERS

Now it's nylon—all the way to the ground. Groves Shoe Co., Chicago, has sold 10,000 pairs of its nylon "tutu" slippers, that can be washed with soap and water. The shoes are available to all dealers as long as the material lasts. Wholesale price \$2.85 a pair, retail, about \$5.

sible between the two publishing outfits.

• **Other Byproducts**—Another sideline venture of Britannica has resulted from its collection of American painting which is scheduled for showing in galleries and museums two years in advance (BW-Dec. 9 '44, p.42). Britannica men state that at \$2 the accompanying catalog outsells many 25¢ and 50¢ exhibition catalogs.

About 35 of the 126 paintings in the collection are reproduced in the Britannica. From the collection Britannica has prepared an art course consisting of Kodachrome slides, suggested lectures, and the catalog. This package is selling briskly to schools at \$89.50.

Type is now being set for 1948 publication of the long-heralded Great Books of the Western World. The set with an initial print order of 25,000 will sell for slightly under \$200.

• **Magazine Idea**—Still in the works are the projected Britannica Bible and the Britannica Encyclopedia of Music. Britannica is even toying with the idea of publishing a magazine presenting a factual survey on the state of world affairs.

FOOD FROZEN IN FLIGHT

In the hope of developing a new and substantial kind of business for itself, Air Cargo Transport Corp. is flying sea

**THE SAN FRANCISCO
*Examiner***



NEWSPAPER NUMBER ONE

Nationally represented by
Hearst Advertising Service

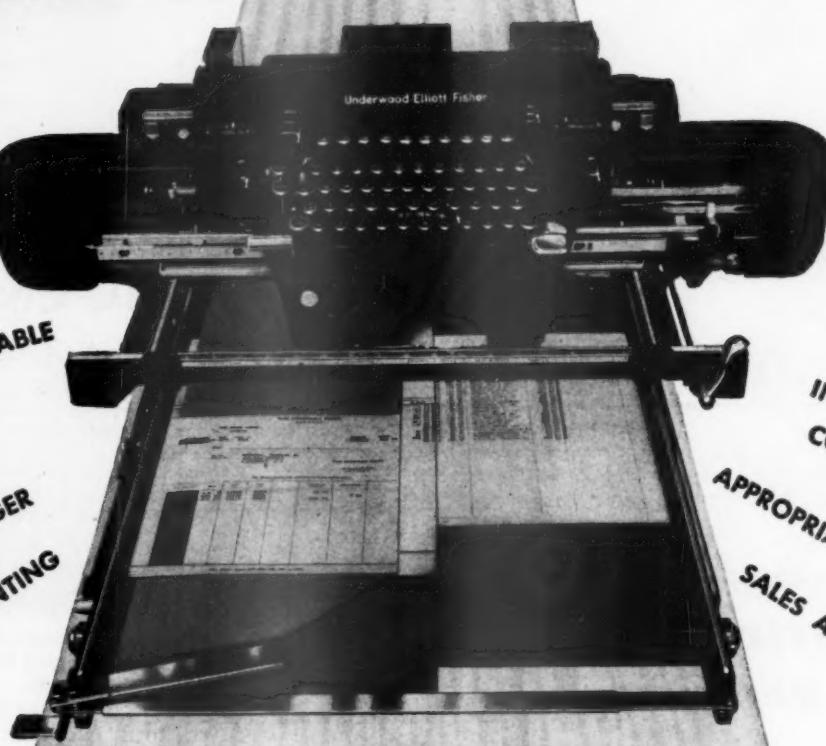
The SPEEDWAY of Posting!

ACCOUNTS RECEIVABLE

ACCOUNTS PAYABLE

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GENERAL LEDGER
TAX ACCOUNTING



It's down the stretch . . .

At the end of each month . . .

That Elliott-Fisher's speed way of posting . . . counts most.

But it's right from the start . . . right through each day . . . that the Elliott-Fisher saves important time and money for you.

Man hours and woman hours are turned to minutes. More work is sped through each day. The machine does everything. All adding, subtracting, totaling, and cross-balancing is automatic.

Your many different records are handled accurately and with dispatch. Each complete job, with its related entries, goes through in one operation.

Speed comes . . . from Elliott-Fisher's exclusive flat writing surface which provides quick insertion, alignment, and removal of forms.

. . . from the carbon paper roll that feeds between the sheets neatly and instantly.

. . . from the standard single "touch-type" keyboard, that's a cinch for every typist.

. . . from the short hand travel, automatic tabulating, and line spacing.

. . . from a dozen other time-cutting features.

It will pay you well to start your accounting on the "Speedway of Posting". Call your local Underwood Elliott Fisher office now for further information on the time and money saving performance of this simple machine.

UNDERWOOD CORPORATION

Accounting Machine Division

One Park Avenue, New York 16, N. Y.



Imagination ..
Initiative ..
Ingenuity ..

CLEAVER-BROOKS engineers welcome the challenge of the difficult—the seemingly impossible problems of engineering or manufacturing—their work "after hours" in pursuit of solutions continues until they believe they are near the goal.

This "it can be done" attitude has resulted in many "impossible" achievements in the field of heat generation and utilization by Cleaver-Brooks. The steam generators of our manu-

facture—the equipment for water distilling, food processing, heating materials for the construction industry—all with peak efficiency and performance—have largely come from this problem-challenging spirit of Cleaver-Brooks engineers.

Chart your course for the important years ahead—plan with the assistance of the Cleaver-Brooks organization on any problem concerning steam or heat generation and utilization.

Cleaver-Brooks

COMPANY

MILWAUKEE 12,

WISCONSIN



BUILDERS OF EQUIPMENT FOR THE GENERATION
 AND UTILIZATION OF HEAT

eral hundred pounds of strawberries three times a week from Florida to New York City, freezing them en route, traveling at great heights. These commercial flights, to cover a period of six weeks, are undertaken in cooperation with Frozen Food Institute, which announce the results at its annual meeting next week.

Whether stratospheric freezing foodstuffs proves commercially practicable may depend, among other things, on the cost of equipping planes with refrigeration to prevent the produce from softening as the plane comes down to warmer levels.

Air Cargo Transport was organized a year ago solely to offer shippers air shipment anywhere in the United States. It handles no passengers or mail, and has no regularly scheduled runs (BW 4/45, p45).

FTC Challenge

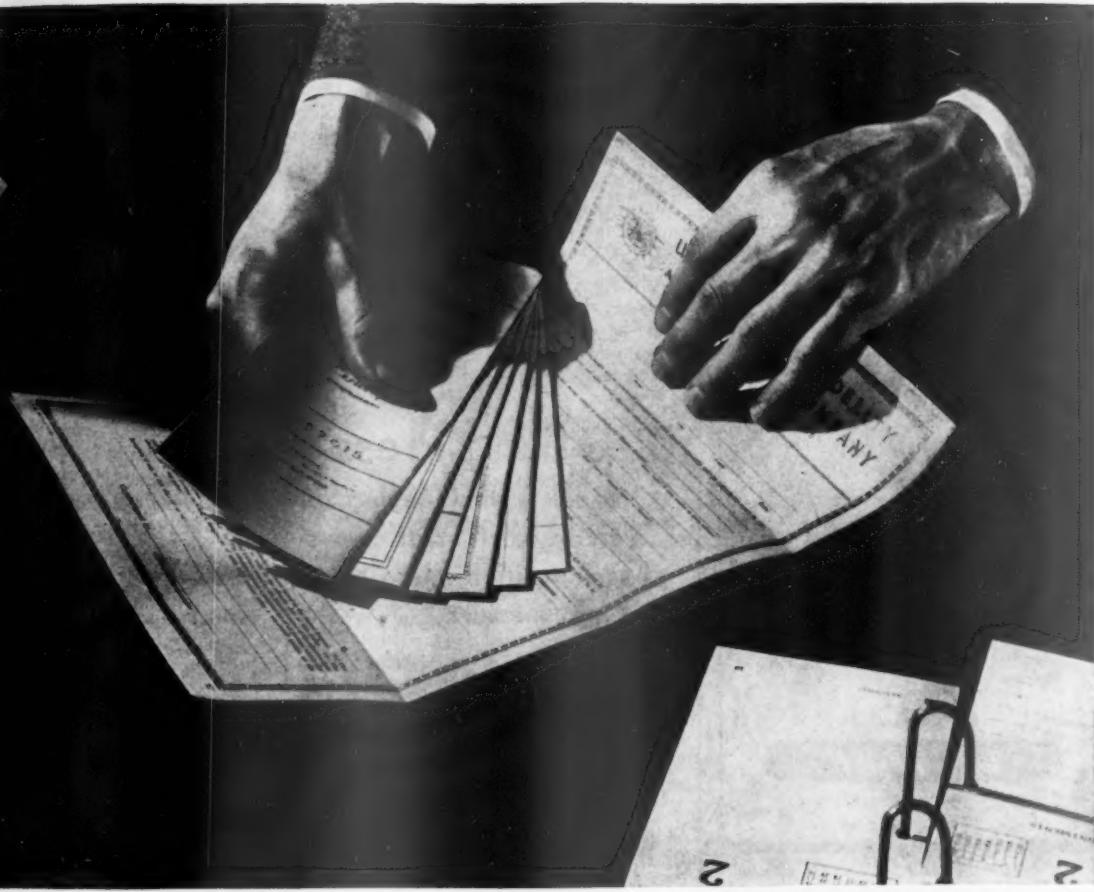
McKesson & Robbins, accused of misusing word "free" in describing premiums, challenges merchandise discount.

Seizing an opportunity to smoke out the Federal Trade Commission on how far it intends to go in banning the word "free" from the everyday commercial lexicon, mammoth McKesson & Robbins has answered an FTC complaint by challenging the commission to approve its policy to merchandise discounts which the drug trade traditionally referred to as "free goods."

• **Premiums Defended**—In effect championing all companies selling with combination or premium offers, the wholesale drug chain told FTC that "a bottle free with a dozen" is a particularly useful pricing method to encourage quantity purchases and special selling services on the part of retailers. In order by the commission which would interfere with this practice, widely used by drug trade manufacturers who, according to McKesson, would be unreasonable, unwarranted, and unnecessary to protect either the public or competitors, the drug firm contends.

For years FTC went on the position that "free" could be used truthfully in an ad if properly qualified. But in 1944 it upset its decision in the Samuel Stone case and prohibited respondents from using "free" unless the articles were in fact offered "without cost and unconventionally."

• **Basis of Complaint**—The complaint against McKesson & Robbins, issued Jan. 24, alleged deceptive use of "free" to describe merchandise premiums to agents for "Golden Brown" Negro cosmetics, once made (but now discontinued).



All in One Package!

NOW, instead of a patchwork of liability policies . . . some overlapping, some so widely separated as to leave dangerous loopholes . . . your company need carry only one. Under U.S.F. & G. Comprehensive Liability Insurance nearly all liability hazards are

covered by a single policy. No bother of numerous premium payments at different times, to increase bookkeeping and the possibility of error. One policy does all. Write us today for information about U.S.F. & G. Comprehensive Liability Insurance.

Consult your insurance agent or broker

as you would your doctor or lawyer



Fill Out and Mail This Coupon:

UNITED STATES FIDELITY & GUARANTY CO.
133 E. REDWOOD STREET
BALTIMORE 3, MD.

Please send me further information about Comprehensive Liability Insurance.

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Company

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City, Zone, State

U. S. F. & G.

UNITED STATES FIDELITY & GUARANTY CO.

affiliate:

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE, MD.

POINT YOUR FINGER AND

TALK



3975

FOR UNIT SHOWN

Give Orders... Ask Questions
Get Action... with FLEXIFONE!

Push a button and talk—you instantly reach key men and departments! New streamlined styling—latest electronic features. For free FLEXIFONE folder, write Dept. B-40, Operadio Mfg. Co., St. Charles, Ill.

OPERADIO

FLEXIFONE

INTERCOMMUNICATION SYSTEMS

PLASTICS MAKE A BETTER WORLD

SPI Invites you to attend The National Plastics Exposition

• SPI earnestly invites you to visit the first National Plastics Exposition, a brilliant pageant of the modern plastics.

• The Exposition will tell the whole story of all the plastics, what they can do for you, how they can do it. Everything in plastics will be paraded at the exposition by the industry's foremost companies—for you to inspect, test, compare.

• For new approaches to your product problems, for fresh ideas, for authoritative information about the developments that can mean greater volume and profits for you—visit this most significant and exciting industrial exposition ever held!

NATIONAL PLASTICS EXPOSITION

GRAND CENTRAL PALACE
NEW YORK

APRIL 22 to 27, 1946

Sponsored by the
Society of the Plastics Industry

tinued) by the Vanveet-Ellis division at Memphis. McKesson told FTC it discontinued the unqualified use of "free" in 1938 and since then has used only "free of extra cost," which it holds is a truthful and accurate designation when customary prices are not advanced to cover the additional goods.

Four days after issuing the McKesson complaint, FTC won a favorable decision in the Seventh Circuit Court of Appeals in a "free" case involving the Progress Tailoring Co. et al. The court agreed that suits offered to agents in compensation for their services should not be advertised as "free."

tell the newspapers why they took a nosedive. Launched by a gift from Boston Herald-Traveler Corp., the book is entitled "National Advertising Newspapers" and is published by Harvard University (\$5).

The authors' most spectacular conclusion is that newspapers failed to keep up with the radio—and to some extent the magazines—in market-media search. The big, quick-turnover manufacturers (in drugs, toiletries, grocery products, tobacco, and household supplies), say the authors, are research conscious and want documentation that an advertising medium can deliver coverage and customers.

• **The Remedy**—By failing to supply this "objective evidence of consumer response to advertising effort," the newspapers fostered an unfavorable attitude and eventually came to be regarded merely as a flexible supplementary medium.

To regain prestige, the newspapers are advised to get together on a program of cooperative research and tone down their competitive bickering.

Success stories would help, too. The long and happy association of the Lydia E. Pinkham Medicine Co. with newspapers, and the recent decision of H. J. Heinz to use the press as a basic medium, are cited as worthy instances to boasting.

Other observations and suggestions: Newspaper rates vary too widely and the trend of rates since 1929 has been unfavorable, compared to radio and

The Ailing Press

Scholars find neglect of market research cost newspapers position as "basic coverage" medium.

In the pre-radio era, newspapers used to get more than half of all the dollars spent by national advertisers in major media. By 1941, their share was below a third and they had virtually lost their stature as a "basic coverage" medium.

• **A Diagnosis**—This week, in a 470-page book, three professors—Neil H. Borden of the Harvard Business School, Malcolm D. Taylor of the University of North Carolina, and Howard T. Hovde of the Wharton School of Finance—



LITERALLY BUTTERING UP THE CUSTOMERS

Motorists rolled in aplenty when a Buffalo service station operator came upon a quantity of butter, offered to share it with customers—provided they bought gasoline. It was a short ride but a merry one. Regarding it as a tie-in sale, Buffalo's OPA office slapped a ban on the scheme but found it had locked the barn door too late. The gas station had long before dispensed the last of the 96 lb. of butter, taken in its sign, was back to normal.

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gazine rates; services, such as mer-
chandising, should be standardized; the
differential between national and local
rates should be re-examined; critical
elimination is also advised for frequency
and volume discounts, and the touchy
subject of forced-combination rates
(and rates for jointly owned papers).

Opportunities—Meantime, say the au-
thors, the newspapers should capitalize
their reputation for flexibility and
as much revenue from national ad-
vertisers as possible, from seasonal inser-
tions, test campaigns, regional drives,
selected-market advertising, local pro-
motions, and the cooperative campaigns
jointly underwritten by manufacturers
and their dealers.

Whether the newspapers will take
this unquestionably sound advice is
something else again. Researchers who
in past years have tried to drum up busi-
ness among the newspapers usually
find many doors that they couldn't
get through. But the book surely will
encourage the researchers to renew their
efforts. And the more enlightened pub-
lishers and business managers undoubt-
edly will refurbish an old campaign to
raise more money and more interest in
cooperative probing of markets and
leadership trends.

Following the lead of major stores in
Hartford (BW-Jan.19'46,p77), the big
shops in Providence now are trying out
Monday-closing policy on an experi-
mental basis.

Zenith Radio Corp. is putting mini-
mum identification on its shipping
cases. Reason: Thieves steal hard-to-get
goods like radios off platforms, cars,
trucks, etc., for blackmarket operations.
Of the 1,000 package liquor store ap-
plications approved in 1945 by the New
York State Liquor Authority, 88% went
to ex-servicemen.

Spiegel's retail chain of home furnish-
ing stores apparently will be forged
largely from existing businesses. The
mail-order house's latest purchase is the
Loehr & Fister Furniture Co. of Scranton,
Pa.

Two of the biggest flour millers—General
Mills and Pillsbury—have decided
on new names for the flours which will
replace regular brands because of the
"dark bread" order (BW-Feb.23'46
p87). Instead of "Gold Medal" it will
be "All-America Enriched Flour;" "Pillsbury's
Best" will change to "Pillsbury's
Wheat Emergency Enriched Flour."

Eloquent of current business conditions
is the newly issued Manhattan
classified telephone directory. Its business
listings—one free for each business
telephone—total 200,000, compared
with 185,000 a year ago, and its adver-
tisers number 55,000 as against 45,000
last year.



Get the RIGHT ANSWERS

—when you choose Black Line Equipment!

What Size Machine Should I Buy?

Your machine should have ample capacity for peak loads, but you should not pay for excess capacity which you will not use. The Bruning BW System not only provides a careful analysis of your print needs, but also makes available the exact size machine to fit your needs—thanks to the completeness of the BW line. (Illustration shows only a few of the many BW machines available.)



How Many Types of Prints Will I Need?

Your black line equipment should be capable of providing various kinds of prints for the purpose of departmental differentiation. The Bruning BW System provides black line prints on white paper, black lines on green-tinted paper, red line and brown line prints. In addition, there are BW Transparents and BW Film for special purposes.



What About Service?

Bruning representatives sell a complete line of engineering and drafting supplies... all the way from tracing paper to drafting machines. Therefore, Bruning has a continuing interest in you as a BW customer... and Bruning experience is always available to help you get the most out of your BW machine.



You Get These Six Major Advantages with the Bruning BW System

1. A versatile, simple method for making black line prints directly from tracings.
2. 17 years' experience in analyzing print-making needs.
3. A complete line of materials, including white and green-tinted papers; thin, medium and cord-weight papers; black, red or brown line prints, BW Transparents to supplement original tracings, and BW Film for intensifying
4. A complete line of printing and developing machines to fit every requirement.
5. A continuing service... because Bruning sells everything for the engineer and draftsman, not just BW equipment. Buying a BW machine is, therefore, not a "one time sale."
6. Continuing research and development in the customer's interest.

CHARLES BRUNING COMPANY, INC.
4702-6 Montrose Avenue
Chicago 41, Illinois

Gentlemen: I want to know more about Bruning BW Prints and equipment. Please send me information.

Name _____

Address _____

City _____ State _____

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Since 1897

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ATLANTA	KANSAS CITY	Detroit
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LABOR

The Big Strikes: Profit & Loss

On credit side, for both labor and management, may be listed a new live-and-let-live arrangement after test of power. In part, release of tensions may be weighed against production losses.

Though rumblings of a possible coal strike grew louder daily as miner and operator representatives negotiated in Washington against an Apr. 1 deadline (page 106), this week was in actual fact the calmest the labor front had experienced in six strife-filled months.

• **Above Prestrike Levels**—The basic steel industry was operating above pre-strike levels and more and more fabricators were getting back into full production.

Maintenance men were preparing the General-Motors plants for the imminent return of 175,000 auto workers.

Power tools in General Electric were humming as strikers in the nation's largest electrical manufacturing empire returned to their jobs.

And from the shipyards and machine shops of San Francisco to the factories of Western Electric in New Jersey a labor army was taking up its tools and industry was pushing hard to make up strike-lost ground.

• **A Record High**—The six months before mid-March had established a far-and-away record strike high for the U. S. It will be another two months before final figures are compiled, but it is expected that they will show a loss of around 65 million man-days for this period. Lost time due to labor disputes since V-J Day approaches twice the whole total of such losses during the war. The amount lost in wages and in goods and services is incalculable.

Thoughtful management wanted to know what could possibly be entered on the other side of the ledger, what the protean wastage had served to accomplish.

• **What the Strikers Got**—In economic terms, the greatest strike wave in history hadn't won a great deal. Most industries, particularly those which were stopped by labor trouble later, ended the war taking it for granted that wages would have to be boosted.

By and large industry was ready, once labor's determination to boost wages became manifest in a few scattered strikes which began shortly after V-J Day, to tender voluntarily increases in rates amounting to an estimated 10%. Straight-time rates in manufacturing, which stood at a fraction less than 96¢ an hour at the end of 1945, would have

been raised—if the 10% boost was extended over this industrial area—to about \$1.05.

• **An Added 7¢**—Assuming that the upward wage step which manufacturing employment is now in the process of making, due to the new wage regulations directly attributable to the strike wave, will average 17%, the straight-time rate level is going up to \$1.12—just 7¢ an hour more than could, conceivably, have been won without most of the stoppages.

But few strikes make any sense at all if they are judged merely by weighing pay increases won against wages lost (page 96). The value of a strike to those engaged in it can only be appraised in less precisely ponderable terms.

• **Tensions Released**—It is clear that the wave of strikes now receding represented

the greatest blowing off of steam the U. S. labor force ever experienced. The increasing tensions of nearly four wartime years, with employees the constant target of work-harder, work-longer, don't-vacation, don't-be-absent campaigns had to be released. There is historic rhythm in labor unrest following war in which, it is now evident, the degree of the totality of the war seems to determine the degree of the totality of the unrest.

Clearly, if new seeds of bitterness sown in employer-employee relations the strikes do not overbalance it, the mass absences from the workbench must be accounted of some benefit though how much lost production the benefits would justify no one can correctly judge.

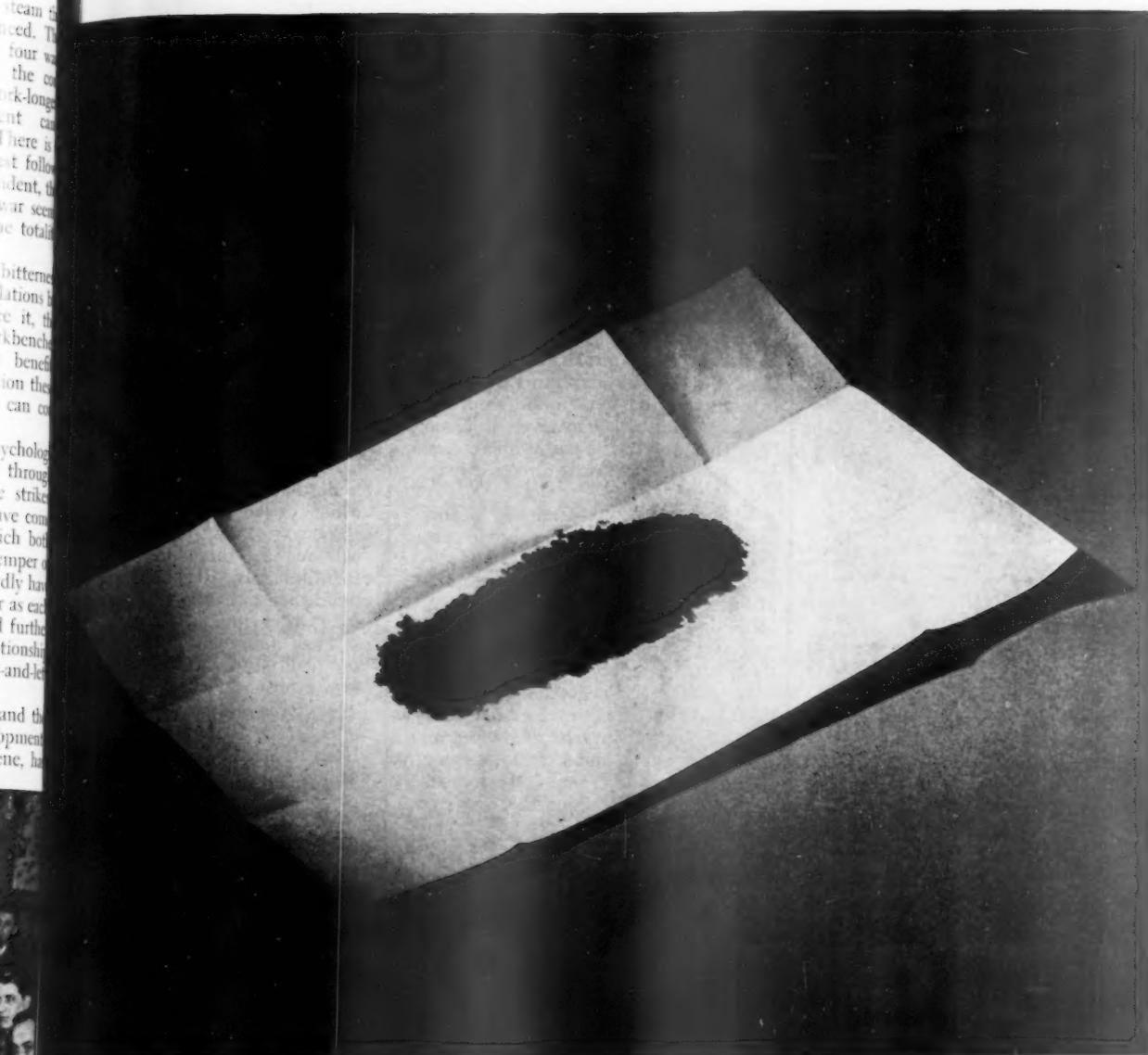
• **Unavoidable Test**—Similar psychological gains may be chalked up through other byproduct effects of the strike. Big unions and big business have come through a test of strength which both found costly, but which—the temper each being what it is—could hardly have been avoided. Until such power as each held was put to such a test (and further tests may be required) their relationships could not shake down to a live-and-let-live arrangement.

Sumner Slichter of Harvard and the Committee for Economic Development a close student of the labor scene, ha



ONE GOOD TURN DESERVES ANOTHER

Successful in winning \$2-to-\$5 weekly wage increases for 40,000 members in New York City, Julius Hochman (left), vice-president of A.F.L.'s Ladies Garment Workers Union, now wants to help employers make more money. He has invited manufacturers to attend a course, sponsored in cooperation with New York University and the New York Dress Institute, which will demonstrate how to eliminate inefficiency and waste, improve techniques to step up production, and to help in making New York the world's fashion center.



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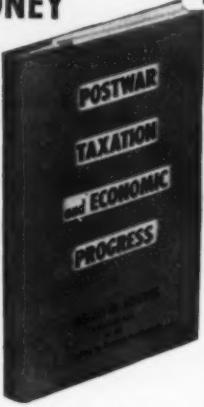
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observed that strikes and lockouts may be a necessary prelude to an era of peace, because they teach each of the contestants how far the other may be pushed.

• **Mutual Respect**—As a result of the 16-week strike, General Motors and C.I.O.'s United Auto Workers can't avoid having a respect for each other's stubbornness—a respect which must necessarily help to avoid another such encounter. How much that will weigh against provocations which will inevitably arise, no one can say. But it's an item for the credit side of the ledger.

Also out of the strikes, or some of the biggest of them, come terms fixing the nature and extent of "union security," always a bitterly controversial issue, through action by the parties themselves and not by government directive (page 98).

• **A Direct Interest**—General Motors, General Electric, the telephone companies, and other employers, and the unions with which they deal have now a direct interest in making these heretofore irksome contract provisions work—an interest which comes from being their joint creators.

In some cases, negotiators addressed themselves to other troublesome issues—seniority, company security, the number of permissible union committeemen, vacations, holidays, etc.—but for the most part the bargaining that went on was confined to wages because the controversies began as the unions invoked wage-reopening clauses in their contracts.

• **Patterns Persist**—Except for Ford, where a small beginning was made in achieving the company's announced objective of attaining full company security against irresponsible rank-and-file action (BW-Mar. 24, p. 96), there were no notable changes in familiar nonwage contractual patterns. Labor and management will have another year of attempting to make the old clauses work more smoothly.

And certainly not the least of the imponderable benefits which may accrue from the postwar strike rash—although this remains to be proved out—is the lesson the executive branch of the government should have learned about its inability to contribute much except added complications to settling a peacetime labor dispute.

• **A Milestone**—If Washington has begun to open its eyes to the fact that no real stability can be achieved on the labor front until the parties are left to depend only on their own resources, a future judgment may be that the millions of man-days which went into strikes helped erect a milestone of progress.

Then, too, those who take their democratic citizenship seriously will be heartened by the knowledge that we

Pay Won vs. Pay Lost

Here is a table which shows, according to percentage of wage increase won, the number of 40-hour weeks that a striker has to work to make up for one week's loss of pay at the prestrike scale.

% Wage Gain	Weeks Needed To Offset One Week Loss
5	20
10	10
15	6.67
16.5	6.06
20	5
25	4
30	3.33

From the fourth line of the table, General Motors strikers can find that their 16-week strike which ended last week with an 18½% wage boost (about 16.5%) will require them to work 97 (6.06 times 16) weeks at the 18½% hourly increase to make up their total strike loss.

• They must work 270 weeks at the new rate to make up for the loss in pay they suffered in 16 weeks by refusing G.M.'s original offer of a 10% wage increase. Even if, after 16 weeks, they had gained their objective of a 30% pay boost they would have had to work 88 weeks to offset what they could have had without striking by accepting G.M.'s 10% offer.

That is the way statisticians see the G.M. walkout, and why many in management tend to minimize the gains won by unions.

• Actually, however, the figures by themselves do not tell the whole story. Much of G.M.'s lost time—and the workers—is going to be made up by overtime work during the months ahead, at premium pay. The effect of still undetermined inequity adjustments and "fringe" increases (in all, about one cent an hour additional) must be considered. And as the United Auto Workers (C.I.O.) was quick to maintain, strike issues did not involve wages alone. Once the strike die was cast, the walkout became a test of strength to determine whether U.A.W. could continue as an important power in G.M. plants.

• More significant to management, however, was the fact that G.M.'s settlement with the union provides for reopening of the wage clause after one year. At that time the increased rate becomes the base for union demands for new wage raises. And so it goes on, progressively.

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THE LABOR ANGLE

Security

This year will witness an effort to handle in a new way what has always been the most hotly contested issue in U.S. labor relations. That issue grows out of the feeling of insecurity unions have in the environment of American industry. Early experience of employer antagonism and precarious community suffrage have given unions here a preoccupation with the elemental problem of survival that is shared by no other labor movement in the world.

It may be contended that the fears of labor leaders that their organizations will be stamped out represent an occupational neurosis which feeds on the dead past and not on contemporary facts. But as any psychologist would be quick to point out, "infantile" impressions—thus, the experience of the labor movement in its early years as an institution—can provide the strongest of all behavior motivations. And the student of individual and institutional behavior would expect that acts flowing from such distant springs would, as a matter of course, partake of the irrational. Such clinical theory is daily translated into practice in the charged atmosphere of the conference room where management, failing to understand the basis for labor's insistence on "security" in the present-day social and political climate, reacts with almost equal irrationality.

M. of M.

The unions' aspiration for security is satisfied with the establishment of the all-union shop, under which every employee must belong to the union as a condition of employment. This secures the organization against employer encouragement of non-unionists and against defections in its own ranks. For reasons they take to be cogent, the large majority of employers have refused to grant the union shop and a number of compromises have been devised.

Of all the compromises, the war-born maintenance of membership has been the most widely adopted. But its acceptance must be distinguished from its adoption. Employers find it only slightly less distasteful than the union shop and have agreed to it only through government insistence or to avert the union shop. Unions, too, do not

accept it as an adequate satisfaction of their security need, regarding it rather as a half-way house to be defended only because it can provide the base from which it will be easier to reach the real objective.

Voluntary

Expert opinion is about equally divided over whether there will ever be an all-out, showdown battle on union security. There are those who hold that a knock-down, drag-out fight over whether m. of m. is to become the union shop or is to be reduced to simple union recognition may be deferred but not averted. They are balanced by those who hold that the expedient—already showing a tendency to stubborn perseverance after its wartime need no longer exists—will develop increasingly tenacious roots and will be removed from the area of dispute.

Both views claim to be fortified by what happened in the General Motors strike. The clash over union security—m. of m.—certainly protracted that strike. The company wanted it out of the contract. But the final settlement, while eliminating the standard m. of m. form, provides a degree of union security just about equal to that provided before. Although both sides claim it leaves them better off, the real gain may be that here is a union security compromise worked out in a strike test of strength by the contending parties themselves and not imposed on them by an outside agency.

M. of D.

In the new G.M. contract, every employee whose name is presented to the company by the union will—unless within five days he takes the initiative of divorcing himself from the union—have union dues and assessments checked out of his pay envelope for two years whether he changes his mind about the union in the meantime or not. He doesn't have to be a union member and the union can't have him fired for failing in any membership duties. In G.M., union security will be maintenance of dues, rather than m. of m.

That freely negotiated variant on the m. of m. pattern may prove to be an effective enough compromise to offer something of a terminal point in the hoary security controversy.

have come through a capital-labor battle of national scope and of unprecedented dimensions with less civil strife and injury to life and property than was exacted in many single minor strikes a decade ago.

• **Evidence of Stability**—In few, if any, other countries in the world could almost two million workers be on the picket line at one time without shaking the prevailing system of government to its foundations. Even here as recently as a year ago not many would have expected being acutely apprehensive about the amount of violence that would be expected in industry strikebound on such a scale. In its strike conduct, if not in its collective bargaining processes, the nation shows signs of growing stability. There will not be so much apprehension at the contemplation of another labor crisis.

If the answers to management's questions about what the strikes achieve tend to be vague, no less equivocal answers are to be found for what both management and labor together wonder about most: What is going to happen next?

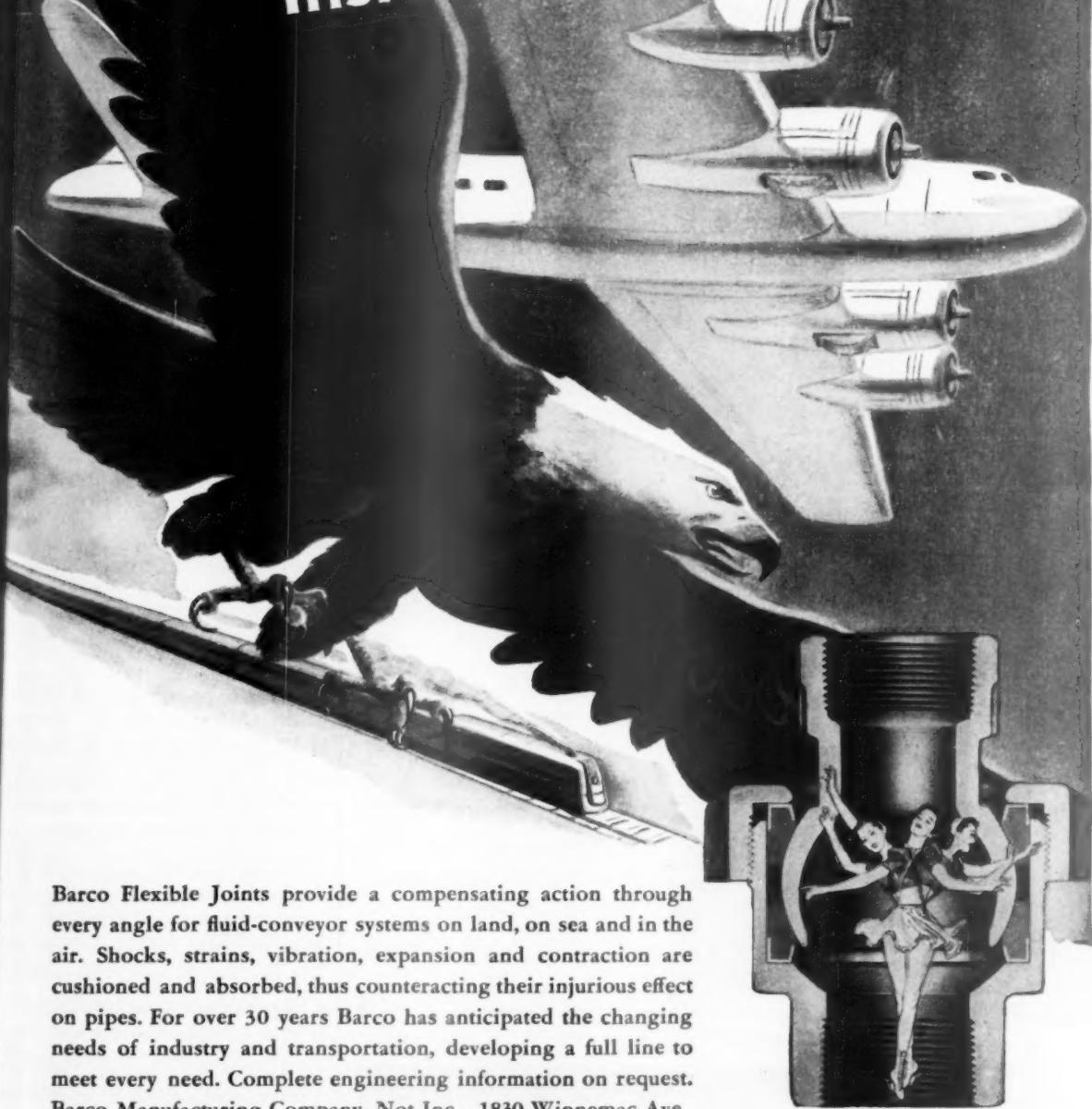
• **A Series of Truces**—The chain reaction which started last September with walkout in the Northwest lumber camp (BW—Sep. 29 '45, p. 98) and a nation-wide strike in oil (BW—Sep. 29 '45, p. 10) ended in a series of truces. There were no final settlements, and none were attempted, of wages, hours, conditions of employment, and other matters which provide fuel for the labor-management fires. Most of the truces will last a year, then the arguments begin again. Observers expect some strikes, but nothing like the 1945-1946 outburst.

A year hence, management's bargaining latitude may be expanded; less onerous price ceilings will increase its interest in continued production; its position in a period of full production may be better; the forces of competition will be more in evidence. Labor, with a prosperous, normal year behind it, won't have accumulated the tensions it had to work off this time; its leaders will feel their organizations steadier, more secure, having ridden successfully over the war-end bump. These are the reasons for optimism.

• **Barring These**—Two possibilities may darken the outlook, however. These are (1) a sharp rise in the cost of living which will induce the unions to demand inordinate wage boosts in 1947; and (2) a further deterioration of our relations with Russia which will, as in the period of the Stalin-Hitler pact, induce the Communist-led unions to use strikes as a political weapon for industrial sabotage.

Barring these two developments, there is good reason for believing that the worst is now well over for a good while to come.

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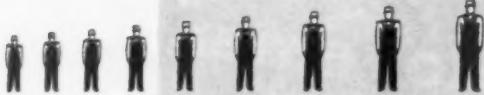


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Tugboats Idle

Philadelphia operators get tough and close up shop as workers strike for sixth time since September.

Tugboat workers in Philadelphia had no sooner returned to their jobs in December than waterfront scuttlebutt began predicting another walkout. It was no surprise then when it came last week at the instigation of John L. Lewis, catch-all District 50, United Miners Workers.

But no one seemed prepared for the stand of the eight major companies affected. They announced that strikes since September were too many. There would be no resumption of operations, they declared, until "labor gets its house in order." Furthermore, attendance by them at meetings called by U. S. Conciliator William C. Clegg would be only out of courtesy to him.

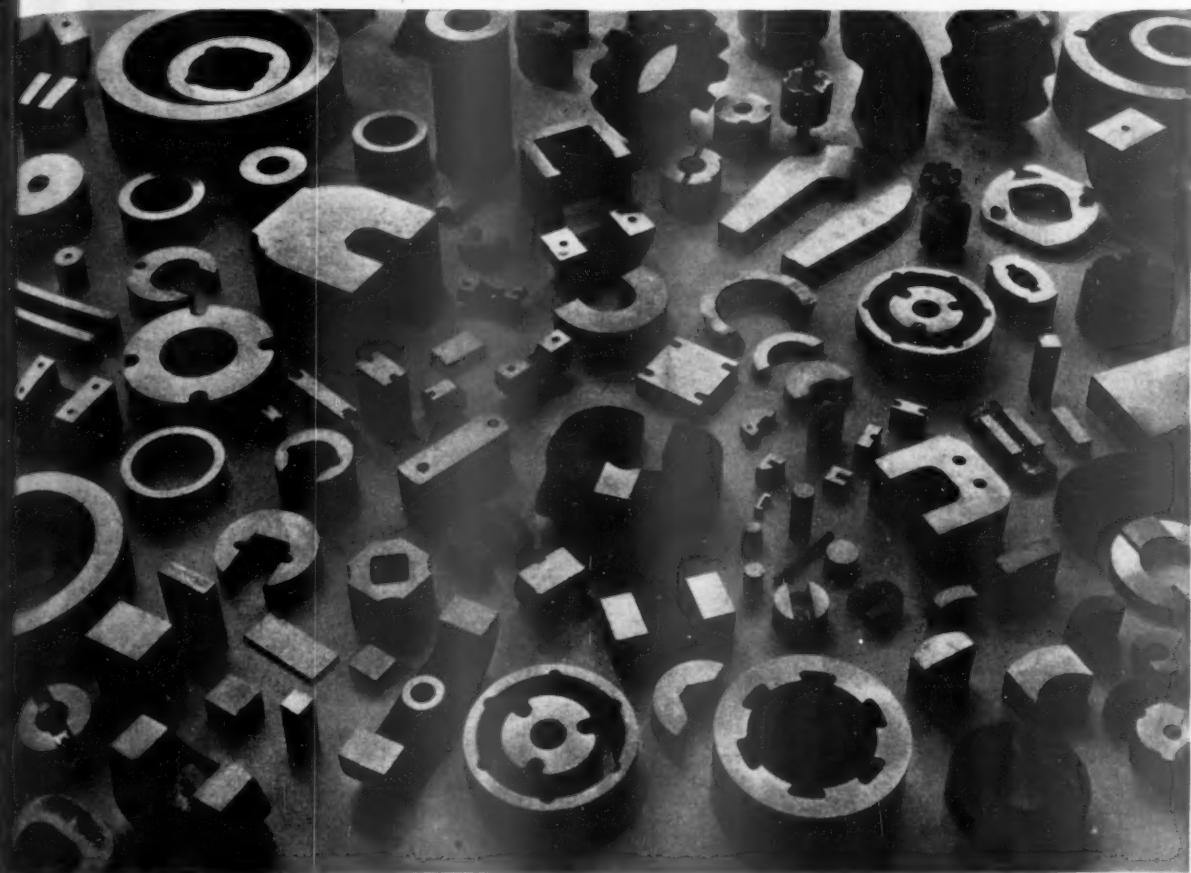
• **Closed Down Tight**—As proof that their toughness was more than talk, operators ordered fires dropped in 42 tugs, instead of keeping up steam in hope of an early settlement, as heretofore. Canvas was put over smokestacks and machinery. One company went far as to spotweld doors in order to avoid a repetition of the thefts of equipment it suffered last time.

If the union had hoped to produce citywide tie-up comparable to that in New York recently, it missed the mark badly. There is little lightering in Philadelphia; most piers have rail facilities. A few vessels were diverted to other East Coast ports the first few days, but the majority came as scheduled, some a trifle late, due to waiting at dock with the tide—much to the comfort of insurance companies. Ships carrying relief cargoes were handled by Navy tugs, while Pennsylvania R.R. and Atlantic Refining Co. used their own. Hardest hit was Gulf Oil Corp., whose Schuylkill River refinery location made the use of tugs practically imperative for it.

• **Dispute Over Time Off**—District 50 United Harbor Workers and the tug owners were only one clause apart in negotiations for a contract covering licensed personnel, such as deckhands, firemen, and cooks, when the walkout took place.

This item dealt with double-cruising tugs, those operating around the clock on long hauls. The union wanted five days off per month with pay in lieu of overtime after 16 hours. The companies said they could take the time off at their own expense. Owners' offer of a 30.5% pay increase was unacceptable to the union.

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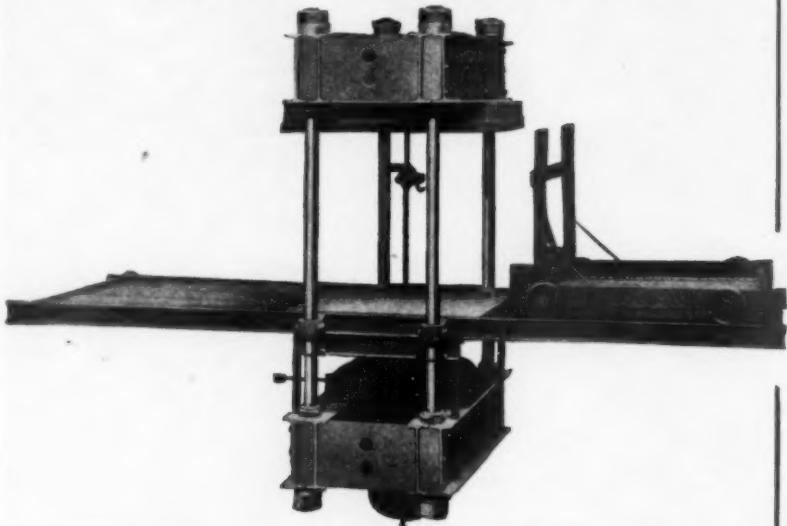
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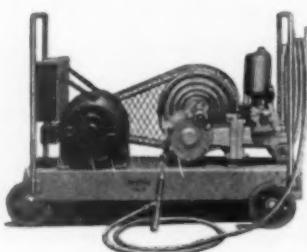
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Strike Holdover

The march back to work is delayed in certain industries, but outlook brightens. One sore spot is nonferrous metals field.

Although nearly 600,000 workers still were on strike at midweek, the nation's labor outlook generally was brighter than it had been in months, distant clouds (page 94) notwithstanding. Of the wave of industry-wide walkouts which have plagued the nation, only one—in the nonferrous metals industry—was largely unbroken.

• **Delayed Reopening**—General Motors' 200,000 employees continued idle despite a contract negotiated last week (BW-Mar. 16 '46, p17). After a number of C.I.O. United Auto Workers local unions exercised their right to continue strikes until local grievances have been settled, G.M. retaliated by announcing it would refuse to open any plants until U.A.W. was prepared to order work resumed in all of G.M.'s operations. Included in U.A.W. groups voting to stay on strike were locals at G.M.'s electric-motive diesel plant at La Grange, Ill., with 10,000 members, and at the Buick plant in Flint, Mich., where U.A.W. claims 15,000 members.

All together, 24 locals with 56,000 members rejected an immediate return to work.

• **Steel Holdouts**—Second largest continuing strike was in the steel industry, where a back-to-work movement started a month ago with an 18½% wage boost (BW-Feb. 23 '46, p96). Of an original 700,000 C.I.O. steelworkers, 150,000 were still on strike this week in fabricating plants. Union demands are for the same hourly raise given to workers in basic steel plants and to 200,000 other steel fabricating workers.

Employers are demanding assurance of price increases sufficient to offset a \$5-a-ton increase in steel prices and labor's new wage demands.

• **Westinghouse Electric**—Negotiations to end the two-month strike of 75,000 Westinghouse Electric Corp. employees were spurred by the settlement reached last week between General Electric and the C.I.O. electrical workers on an 18½% hourly pay boost. Picket line tension eased at Westinghouse plants (BW-Mar. 9 '46, p80) as the company submitted to the union a 25-page wage increase offer which fell short of what the union had won from G.E. Also, Westinghouse asked for a number of contract changes. The union rejected the offer, but groundwork was laid for further negotiations.

• **Farm Equipment**—Concern over the prospects of impaired agricultural pro-



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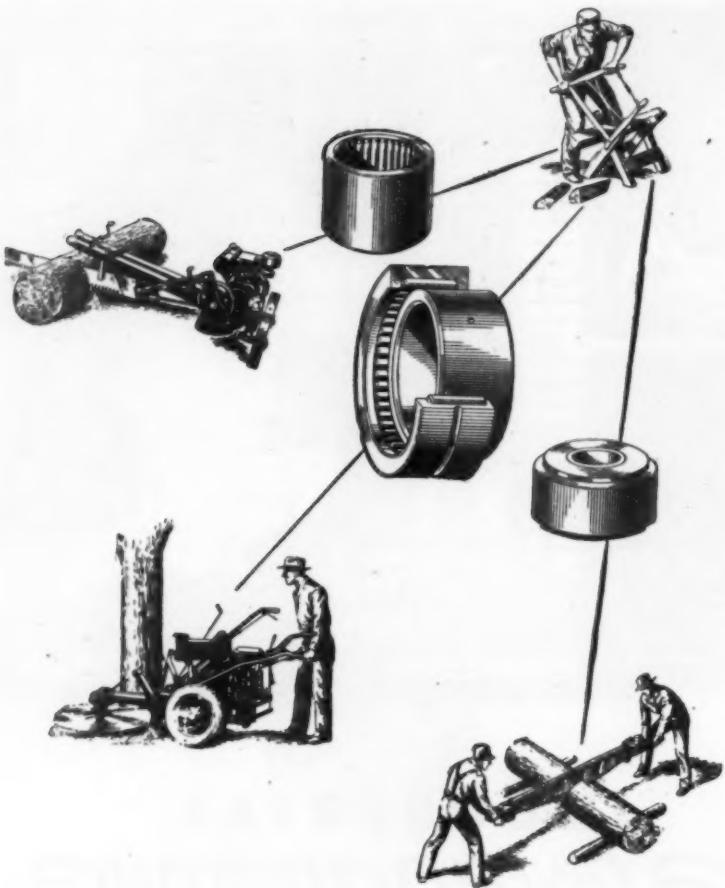
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TORRINGTON NEEDLE BEARINGS

A Notice To All Timken Employees Who Wish to Obtain a Loan of Twenty-Five Dollars

A check for twenty-five dollars has been made out in the name of each Timken man and woman who has been kept from work by the strike.

Anyone of you who wishes to obtain a loan of twenty-five dollars from the Company, need only appear between the hours of 8:30 A. M. to 4:30 P. M., Monday, March 11, through Friday, March 15, at the Main Office on Cleveland Avenue and sign a ninety-day, non-interest bearing note. Your check will be ready and immediately obtainable.

Be Sure to Bring Your Badge for Identification.

The Timken Roller Bearing Company

RETURNING A SOFT ANSWER

When Timken Roller Bearing Co. strikebound for eight weeks by C.I.O. steelworkers, offered \$25, interest-free, 90-day loans to its 14,000 idle employees (above), 2,500 of them responded and took home \$62,500 to help tide them over final days of the walkout. Timken's strike relief plan was a goodwill gesture to soothe tempers ruffled by a series of skirmishes on mass picket lines. Earlier Timken had offered rewards for conviction of anyone molesting workers in its struck plants, and had taken court action to bar use by the union of massed pickets to block a budding back-to-work movement among the employees.

duction eased somewhat as International Harvester offered an immediate general wage increase of 18¢ an hour—amount recommended one month ago by a presidential fact-finding panel—if 30,000 C.I.O. farm equipment workers will return to work and settle other differences in further bargaining. The union already had accepted the panel proposal of the 18¢ increase, but had been pressing demands for the continuation of maintenance-of-membership and other concessions which had been won in wartime contracts.

• **Other Instances**—Other farm equipment strikes continued at the J. I. Case Co., and at Allis-Chalmers' LaPorte (Ind.) plant.

Another Allis-Chalmers strike was threatened at Milwaukee, Wis., when workers balloted for a strike 5,200-47 but stayed on the job to comply with

like requirements of the Wisconsin
law. One strike, at the Oliver Corp.,
ended.

Brass, Copper, and Lead—In the non-
ferrous metals field, where strikes were
rippling brass, copper, and lead produc-
tion, 35,000 members of C.I.O.'s Mine,
Mill & Smelter Workers union were
idle in plants in 15 states. C.I.O. electrical
workers were on strike in a number
of other plants. Again, it was as much a
matter of adjustments in pricing as of
labor differences which kept major in-
dustrial plants shut down at an esti-
mated cost of 60% of normal produc-
tion.

The industry-wide stature of the strike was lessened somewhat by a Scott Mfg. Co. brass settlement, with \$14 hourly boosts for 4,300 strikers. **The Machinists**—Scattered machinists' strikes (including 7,000 still out in the Hale & Towne marathon at Stamford, Conn., and 5,000 out in three minor strikes in Cleveland) were continuing. At the biggest, which had tied up 55,000 San Francisco Bay workers for 41 months, ended with pay increases mounting to $17\frac{1}{2}$ ¢ for machine shop employees and 18¢ hourly for shipyard workers.

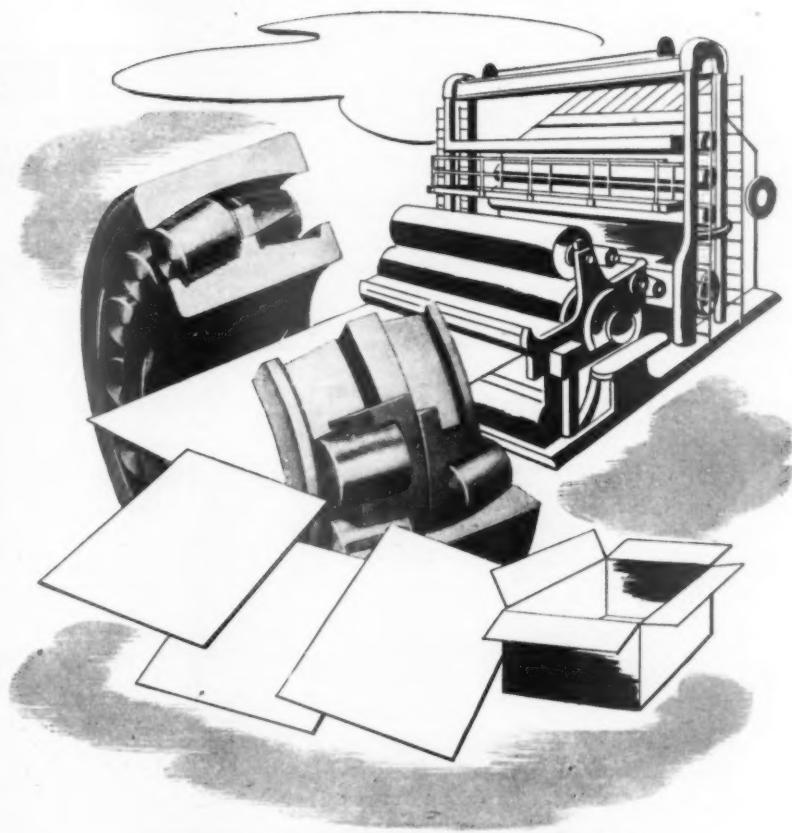
Adoption of the 18¢ hourly raise approved for shipyards (BW-Mar.2'46, 100) enabled other West Coast employers to avert threatened strikes of 10,000 A.F.L. shipbuilders. C.I.O. shipyard workers, who also had warned of a nationwide strike, were settling for the same amount.

US DISPUTE ENDS

Acceptance of a tripartite fact-finding board's wage recommendations in the Pennsylvania and Central Greyhound Lines dispute with A.F.L. drivers, maintenance employees, and ticket agents has cleared the way for resumption of normal contract relations. A new empire, to be paid an annual salary charged equally to companies and union, will probably be designated to handle future disputes.

The A.F.L. union, Amalgamated Assn. of Street Electric Railway & Motor Coach Employees, struck Nov. 1 in deadlock over wage issues. Bus service was suspended in 18 eastern and central states for two months, until (BW-Jan. 46, p.100) the union ordered its 4,000 strikers back on the job pending a settlement either through direct negotiations or by fact-finding.

On Feb. 21 the Greyhound panel recommended that union and companies agree to a new contract which would raise wages approximately 14% for drivers, retroactive to Jan. 5, and 13¢ per hour for terminal and maintenance employees, retroactive to Mar. 16 when a 40-hour week went into effect. Under the new scale, drivers in the



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eastern division will be paid 5.6¢ a mile and in the western division 5.5¢ a mile. The union had asked 5.75¢ a mile for drivers in both divisions.

Maintenance employees will receive a maximum rate of \$1.40 an hour and employees in major terminals will have a \$1.29-an-hour rate. In addition, ticket agents' wages may be augmented by commissions on travel insurance policies, and drivers may earn as much as 19% by "extras" for duties other than actual bus driving with passengers aboard.

WHEN IS A STRIKER?

The Michigan Unemployment Compensation Commission is considering whether to pay jobless benefits to General Motors strikers for idle time between ratification of their new contract (BW-Mar.16'46,p17) and their actual return to work. Michigan laws bar strikers from benefits.

While a few G.M. plants reopened a week ago, none with full forces, most will not be in operation until next week. As soon as this situation was indicated,

the United Auto Workers (C.I.O.) appealed to the compensation commission to authorize benefits from Mar. 13, the strike was settled.

The company opposed such an authorization on the grounds that workers still are unemployed as a direct result of their labor dispute. The importance of the request to G.M. lies in the fact that substantial compensation payments would reduce its credits in the state's unemployment fund reserves. This might bring G.M. into a higher tax bracket under Michigan's merit rating system, or

First the Fireworks, Then Real Work on Mine Contract



Conciliator John Steelman, Ezra Van Horn, and John L. Lewis (left to right). U.M.W. was awarded a union shop in captive mines and a \$1-a-day increase in wages.



Lewis, Van Horn, and Charles O'Neill, who settled for more vacation pay and "fringe" raises for U.M.W. (above), for \$1.30-a-day portal-to-portal pay (below).



Bituminous coal mine wage negotiations through the years have taken on a tradition of their own. Annually there are gruff demands—differing only in bare details—from John L. Lewis for his United Mine Workers; outright rejections from soft coal mine operators; strike threats and action; and eventual bargaining ending with agreements that give U.M.W. a large part of what it goes after.

Key figures in the annual drama show little change. Currently (below), as in 1941, 1943, and 1945, and the years before and between, top brass at negotiating conferences are (left to right) Ezra Van Horn, presiding officer and chairman of the operators' bargaining committee; the conference secretary, Thomas Kennedy, secretary-treasurer of the U.M.W.; John L. Lewis, spokesman for the miners; and Charles O'Neill, who talks tough for the operators.

O'Neill let go with his usual double-barreled attack this week against U.M.W. and its 1946 program (BW-Mar. 16'46,p102), then countered with operators' demands for: (1) a union guarantee against wildcat strikes and production slowdowns; (2) redefinition of vacation pay qualifications; (3) elimination of pay for lunch periods; and (4) substitution of eight hours for present seven hours a day, and 40 hours for present 35 hours a week, as the starting point for overtime payments for coal miners.

Lewis said U.M.W. would meet operators half-way on the guarantee against wildcat strikes, told the bosses, "we'll negotiate with you from here out."

Then, with the tub-thumping preliminaries over, negotiators went into closed bargaining sessions, getting down to concrete dollar-and-cents terms, to direct issues of hours and working conditions (including a royalty plan for a union welfare fund), and—heatedly—to the matter of foreman unionization (BW-Mar.16'46,p100).



2 BILLION DOLLAR BATTLE MAN vs. BUG



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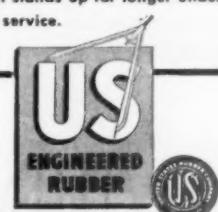
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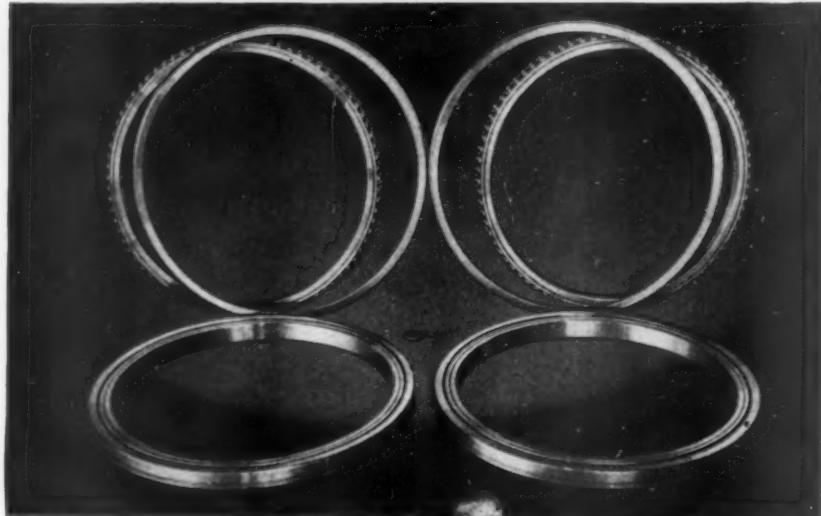
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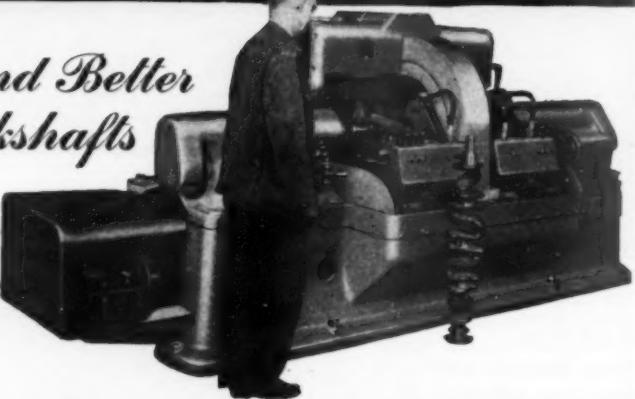
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quire the company to pay state assessments to restore its reserve balances.

Precedent favored the union. In the past the commission has held that benefits begin when a local union ratifies a settlement. If it still takes that view, ex-strikers in G.M. plants who ratified the new contract last week end will draw compensation from Monday, Mar. 18, until make-ready crews complete their work and production personnel are summoned back into the plant.

LEGAL MUFFLER

Labor unions in recent weeks have made liberal use of loudspeakers to voice their message from restricted picket lines, and many have adopted the pretext of parades for circumventing curbs on mass picketing (BW-Mar. 9 '46, p80). Bloomfield (N.J.) electrical workers, for instance, read the constitutional Bill of Rights over a loudspeaker system after sheriff's officers invoked an old riot act to break up a demonstration.

When the Burbank (Calif.) City Council began debate recently on two ordinances, one regulating parades in the city, the other imposing sharp restrictions on the use of sound trucks, labor's opposition was quick and long. The council, harried by complaints against union ad libbing from sound trucks during the Warner Bros. studio strike riots (BW-Oct. 13 '45, p100), passed the controls over labor's protest.

As an aftermath, three Powers models and movie starlets, garbed in mourning and wearing black veils, laid a floral wreath on the council table, intoned "In memoriam to equal rights" and "The end of Democracy in Burbank." The council was unmoved.

CITY DENIES CHECKOFF

Since last October, one C.I.O. and two A.F.L. unions have been fighting for a Los Angeles city ordinance permitting deductions of their dues from city employees' pay checks. Those affected would be A.F.L. police and firemen and C.I.O. municipal workers.

The issue was hotly contested in the city council in debate verging on blows until Feb. 26, when it passed, and went to Mayor Fletcher Bowron. After the legal ten-day consideration, the mayor vetoed it, on the ground that it would amount to official city recognition of a police union, and he maintained that no Los Angeles police officer should be a member of any labor union. Labor leaders promptly renewed the battle.

The city checkoff was also opposed on the ground that it might cost \$10,000 a year for additional accounting. But proponents pointed out that today city employees pay in this way for insurance, medical service, other things.

THE INTERNATIONAL OUTLOOK

BUSINESS WEEK
MARCH 23, 1946



Tension over Iran remains at fever heat but—aside from this—international issues have cooled slightly during the week.

As a result, most serious observers expect fireworks but no breakdown of the UNO Security Council which begins momentous sessions in New York on Mar. 25 (page 15).

•
Actually, the crisis has not passed.

Moscow may continue to play the bull in the international China shop.

And Washington may continue the diplomatic fumbling which has marred much of this Administration's foreign policy.

Nevertheless, the letup in international backbiting during the last few days indicates that Moscow, as well as London and Washington, is belatedly sobered by the prospect that the whole concept of the United Nations will be lost if the conference fails.

•
Don't overlook a series of tremendously significant, long-range economic maneuvers quietly being pushed by the U.S.S.R. behind the current smoke-screen of international diplomatic clashes.

They are of vital importance whether Moscow becomes the center of a hostile bloc outside the UNO, or an economic and political rival inside a functioning United Nations system.

•
Eastern Europe—with a population equal to that of the U.S.—is being systematically oriented toward Moscow.

Industries—already nationalized in Czechoslovakia, Poland, and Yugoslavia—now find the U.S.S.R. a ready supplier of many raw materials (whether or not the grading meets traditional standards) and, in many cases, the biggest customer for finished manufactures.

Soviet engineers and technicians have turned up in Warsaw, Prague, Budapest, and Belgrade with tempting plans to:

- (1) Help build and equip new industries, and stay on the job until a staff of local technicians is trained.
- (2) Place long-term orders for enormous quantities of goods from these new factories, frequently at guaranteed prices.
- (3) Provide apprentice training in Russia for young technicians.

•
To promote a further reorientation of trade in this part of Europe, Moscow has also announced the revival of the Leipzig Trade Fair, May 8-12.

While businessmen from all parts of Germany may take part in the fair, travel problems will inevitably prohibit many prewar exhibitors from western and northern Europe from participating.

Ability to move solely through Soviet-controlled areas will raise no such obstacles for potential exhibitors from the East.

•
Moscow is losing no opportunity to impress neighboring countries with the U.S.S.R.'s scientific progress.

Just as Soviet technicians a decade ago modernized and enlarged Turkey's textile industry under contract to Ankara, so Soviet oil engineers are today offering their services for exploration and exploitation of petroleum resources all the way from Poland to Albania.

And at such world conferences as the recent International Astronomical

THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
MARCH 23, 1946

Union, at Copenhagen, Moscow is boldly maneuvering to assume the role of scientific leadership formerly held by Berlin.

Internal moves to build Soviet strength are even more impressive.

While the steel industry of Leningrad, the Moscow zone, and the Ukraine will be rebuilt or modernized in the postwar Five-Year Plans now getting under way, main efforts are concentrated on the more secure industrial regions of the Ural Mountains and Asiatic Siberia.

And, though vast hydroelectric developments are scheduled for European Russia, even larger projects dot the Plan maps for regions far to the East.

Despite Moscow's determined efforts to create a security belt from the Arctic to the Mediterranean, Kremlin planners are adding the precaution of massing their industrial giants far from their most vulnerable frontier.

Rail extensions to the borders of southern and eastern neighbors are geared as much to long-term programs to cultivate the world's largest potential markets in India and China as to security plans.

So is the world expansion of light industries in the south and east.

Finally, don't miss another weapon Moscow is prepared to use in order to push either its economic or its political ambitions.

Russia's sudden offer to provide France with 600,000 tons of grain—at a time when UNRRA is helping provide special foods and clothing to eastern Europe and parts of the U.S.S.R.—is a dramatic move to capture the support of growing Left Wing forces in western Europe.

It is the kind of propaganda which can be used dramatically in China or India when conditions are ripe there.

It is the kind of move which can be countered effectively only by equally dramatic moves on the part of the western powers to help these countries prevent recurrent famines within their borders.

Washington, belatedly recognizing the need to throw its immense bargaining power into the rapidly developing contest for world leadership, is reconsidering plans.

The British loan (\$3,750,000,000) is likely to receive speedier congressional approval than was anticipated up to a month ago.

While Leon Blum is expected quickly to drop his appeal for a \$2 billion loan for France, look for a substitute request for a \$750-million credit from the Export-Import Bank to be accepted promptly.

And even the U.S.S.R. is likely to be cultivated, for evidence is spreading that approval for a \$1 billion loan to Moscow will be forthcoming as part of the new drive to enhance U. S. economic power abroad and tempt Russia into some political deal acceptable to Washington.

With the inevitable victory of the fascist-minded Peron in the Argentine election, don't miss the significance of the recent move which placed that country's small but growing merchant fleet under the direct management of the Ministry of Marine, with an admiral as chief administrator.

Foreign shipbuilders, now in Buenos Aires to bid for new building contracts, expect to be asked to meet rigid specifications laid down by Peron's shrewd naval officials.

BUSINESS ABROAD

Russia Cards for Production

To speed realization of Five-Year Plan goals, the U.S.S.R. alters its ever-growing administrative structure. Agriculture, fuel, transportation are prime targets in economic expansion program.

MOSCOW—The Soviet Union has cast plans for economic expansion in the next five years (BW—Feb. 16 '46, 113), and it is likely to enlarge those applying to heavy industry lines if present international tensions are not eased at the coming UNO Security Council meeting (page 15).

• **Clearing the Decks**—During the last six months the U.S.S.R. has been quietly making changes in the complicated structure of its industrial administration in order to realize its fourth (first post-war) Five-Year Plan, 1946-50. Production goals under the plan are high and varied:

(1) The Red Army is to be provided with the "most modern" weapons and maintained at strength.

(2) A million or more passenger cars a year are to be built by new and expanded factories and scattered assembly plants. Thousands of miles of roads will be improved and surfaced.

(3) Thirty thousand railwaymen will be trained annually; rolling stock will be replenished and increased; thousands of miles of track will be laid, relaid, or electrified.

(4) Technical schools are to be expanded to permit enrolment of 1,200,000 students.

(5) To triple coal output to Stalin's 300,000,000-ton goal, twelve new mining equipment factories will be built.

(6) Research in atomic power for industrial use is to be fostered.

(7) Output of industrial crops—cotton, flax, silk, tea, tobacco, hemp, sugar beets, and rubber-bearing plants—will be raised by staggering percentages.

• **"Commissars" Into "Ministers"**—Administrative reorganization to aid in reaching these and other goals has resulted in the appearance of 13 new ministries (chart, page 114), the term now applied to what were formerly called "commissariats." This was accomplished by conversion of war industry, splitting of old administrative bodies, or creation of entirely new agencies to deal with postwar industrial demands.

The changes were made by the Presidium of the Supreme Soviet, highest authority of the U.S.S.R., which directs the national economy when the Supreme Soviet is not in session. The Presidium's decisions were affirmed by

the Soviet during its current session.

• **Growth of Government**—The "All-Union" ministries (which now number 30 and have headquarters in Moscow) and the 17 Union-Republican ministries (represented in Moscow, but with central offices in the 16 republics of the Soviet Union) are coordinated by the Council of Ministers in Moscow.

The number of government departments has been growing since the birth of the revolutionary regime in 1917 and formation of the U.S.S.R. in 1923, in step with the evolution of the system of state-controlled industry and expansion of the Soviet economy.

• **Two From One**—Just before the war, for instance, the Commissariat of Water Transport was divided into the commissariats of Marine and of River Transport. In 1940 a Commissariat of Paper & Cellulose Industry was split off from the Timber Commissariat. And short-

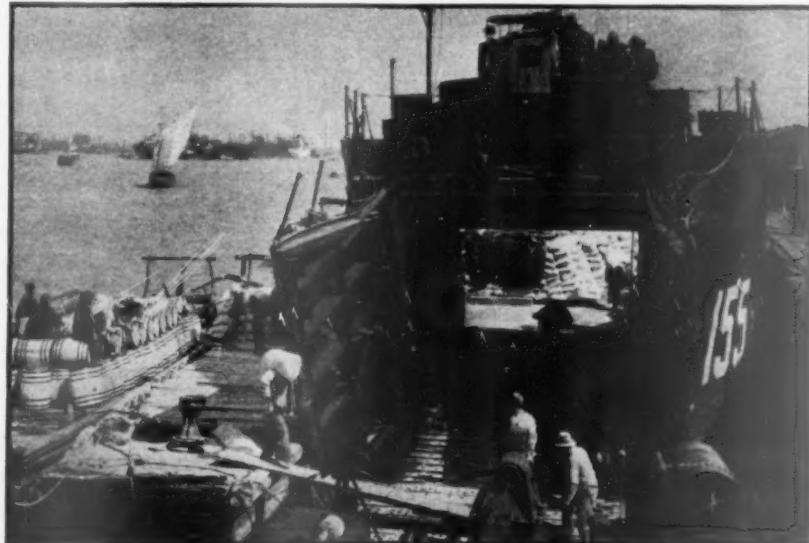
ly before Germany attacked the U.S.S.R. the Commissariat of the Rubber Industry and the Commissariat of Machine Tool Building were created.

Two years ago, the Commissariat of Defense (merged last month into an army-navy-airforce Commissariat of the Armed Forces) and the Commissariat of Foreign Affairs were transferred to Union-Republican status (BW—Feb. 19 '44, p113)—but the implications of this move are hardly yet discernible.

• **Rolling Stock**—The postwar reorganization began last October with the conversion of the Commissariat of the Tank Industry to Transport Machine Building, to provide a single agency responsible solely for the production of railway locomotives and rolling stock. It has a tough assignment. Locomotive output—set at 6,000 in the next five years—is about the same as for the 1938-42 plan. Freight car schedules—400,000 in five years—are more than double the last goal. But the task is urgent because the U.S.S.R. lost 16,000 locomotives and 428,000 cars (destroyed or damaged) in the war.

The converted Stalin tank plant in the Urals will produce 9,000 four-axle, 60-ton flat cars this year and 20,000 next year. During the war years the plant built 35,000 tanks.

• **Agricultural Aims**—In November of last year the Commissariat of Agriculture was relieved of responsibility for industrial crops and a new commis-



MERCY MISSION FOR WARTIME CRAFT

At Shanghai, an LSM landing ship takes on flour, part of the thousands of tons of food distributed by UNRRA to drought-ridden China. The shallow-draft war craft are ideal for large deliveries to upper reaches of China's waterways—especially to the empty rice bowl and the upper Yangtze River. There 40% of the inhabitants are famine victims, according to China's relief experts. At the Atlantic City meeting, Chinese delegates urged UNRRA to increase their nation's \$1.25 per capita allotment—now lower than Italy's.

sariat was created to promote expansion in this field. The Soviets are seeking to add to the list of items—now including flax and sugar beets—of which they are the world's largest producer. The cotton goal has been set at 18,000,000 bales—50% above the U. S. average.

The new Commissariat of Agricultural Machine Building was formed from components of the Munitions Commissariat. It has the job of replacing destroyed and worn-out farm implements and adding to the supply as new farm acreage comes under cultivation. During the war the Soviets lost 140,000 of their 500,000 tractors. From the wartime low—when German troops held much of western Russia—the Soviets have increased tractor-cultivated land by 127,000,000 acres, and the 1946 plan calls for further expansion.

Agricultural recovery—essential to fulfillment of Moscow's promised deliveries of grain to France (500,000 tons) and Balkan countries—has been called "the most important economic-political task" facing the nation.

• **Coal Production**—Fuel is Russia's chief bottleneck today (BW-Mar.16 '46, p.113). Splitting of the Coal Commissariat into two agencies to manage western and eastern coal fields, and establishment of a Commissariat for the Construction of Fuel Enterprises, indicate Moscow's intention to press for rapid expansion of output.

Production last year of 165,000,000 tons of coal—equal to the prewar high—was achieved despite the fact that the Donbas, formerly the leading producing area, mined only 50% (or 40,000,000 tons) of its prewar share. The five-year

goal has not been announced, but Stalin has set a target of 500,000,000 tons for 1960.

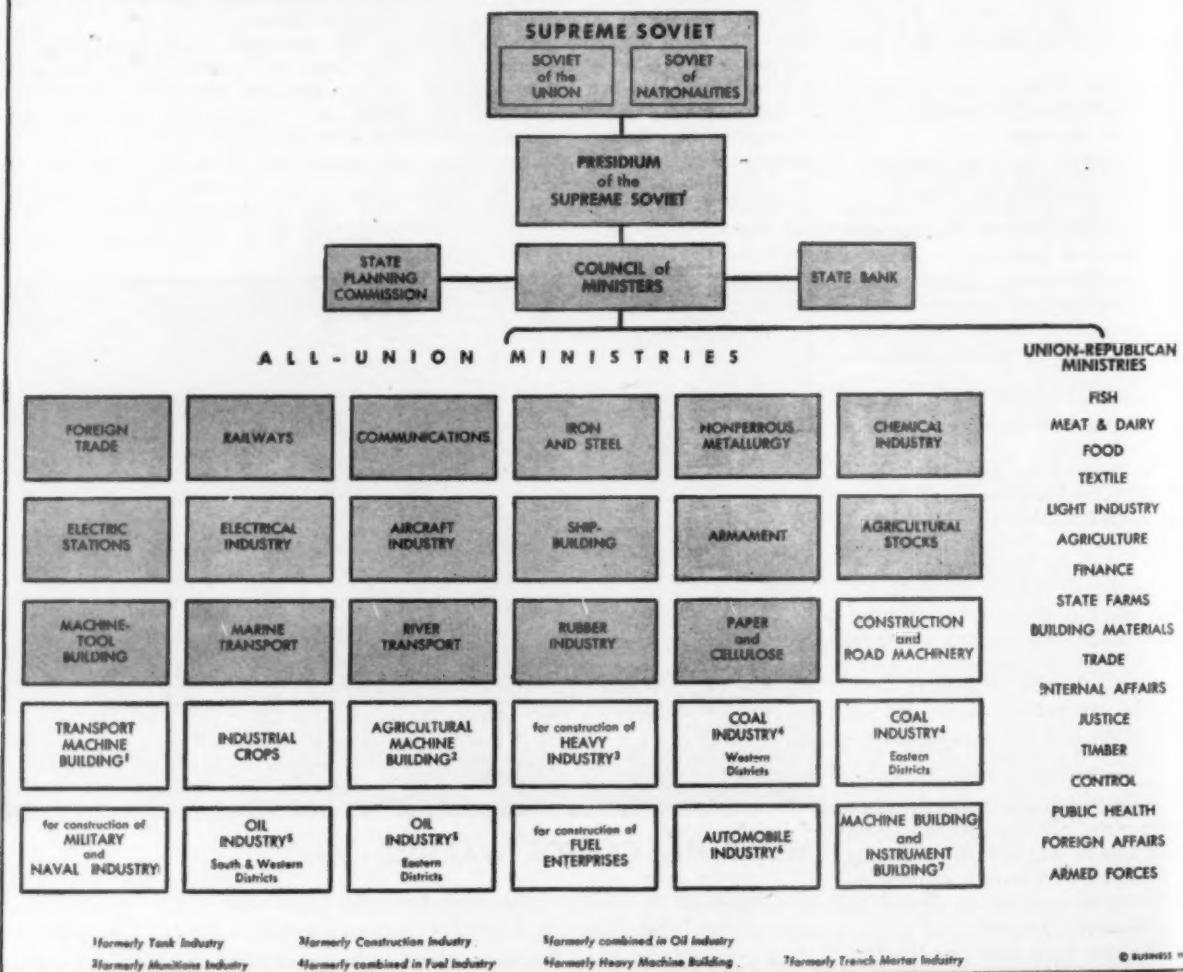
• **Building Agencies**—Two additional construction commissariats—for Heavy Industrial Enterprises and for Military & Naval Industrial Enterprises—were formed from parts of the old Construction Commissariat and from a war industry building agency.

Last month the Commissariat of the Automobile Industry was set up to build passenger cars and trucks on a vast extended scale—the target is over a million a year—and the Commissariat of Construction & Road Machinery Building was created to improve and build new roads to accommodate increased traffic.

• **Instruments and Oil**—To provide precision instruments for scientific labora-

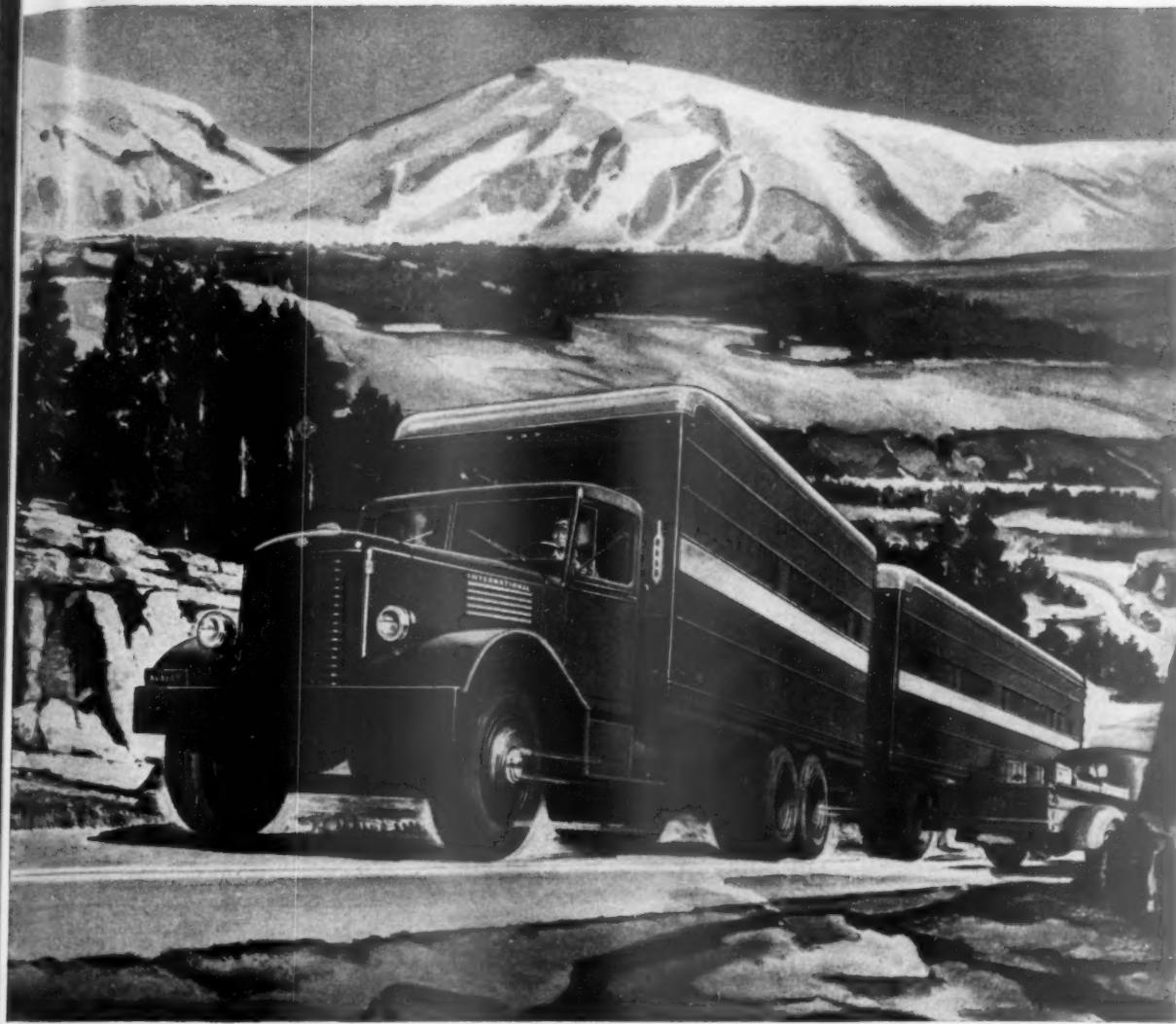
SOVIET ADMINISTRATION RECONVERTS

New ministries tackle tasks of the postwar Five-Year Plan



Thirteen new ministries (white rectangles) have been created to push Russia's first postwar Five-Year Plan. Some are entirely new, reflecting unprecedented peacetime demands; some are converted munitions producers; and two old ministries have been split to cope with special problems of European and Asiatic resources.

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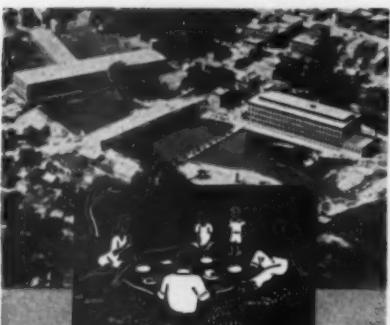
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tories, and to mass-produce airplane and automobile instruments, the Machine & Instrument Building Commissariat was formed at the same time.

Finally, the Oil Commissariat was split into two segments—one to manage the south and western oil fields (which now include Polish wells and Estonian shale) and the other to the eastern districts.

FOR A CLOSER-KNIT CHINA

China's Ministry of Communications has completed its first postwar Five-Year Plan. Fruition of the plan must await foreign credits, freer shipping, and the certainty of internal stability.

Aiming at a 50% increase in highway mileage, China plans to extend the network to 118,000 mi. Before the war, less than a third of the country's 80,000 miles of roads were surfaced.

In addition to new construction, all the main roads are to be hard-topped to make way for a planned increase in the amount of transport equipment. When the roads have been finished, China wants 10,000 passenger buses and 3,000 trucks.

Along the national highways there will be three major automotive repair works, 100 medium-size repair shops, 200 road-maintenance centers, and 1,000 smaller garages.

The highway program is expected to cost two and a quarter billion Chinese dollars (there is no useful exchange value for this currency, but its black-market rate has been around two thousand to the U. S. dollar).

China expects to hire (or borrow) at least 90 foreign technical advisers to assist with the road program, which will give employment to nearly 500,000 Chinese.

Paralleling the main roads, 60,800 mi. of telephone lines are to be posted. There will also be a radio network, under the Ministry of Communications, consisting of ten large stations, 30 medium-size stations, and 300 smaller outlets.

WILL SELL U. S. ASSETS

The Netherlands, dismayed by delay in obtaining sufficient credit from the United States, is about to liquidate its privately held assets in this country. The Dutch need is put at \$100 million.

On the anniversary of the return of Queen Wilhelmina to Holland, the Dutch radio issued an appeal to citizens to come to the aid of the nation. This is suggested as a welcome alternative to government seizure, and the favorable exchange rates now existing are cited as a lure to patriots.

A few weeks ago (BW-Mar. 24, p105) the U. S. Treasury released a study on foreign-held assets in the



FROM BULLETS TO BALLOTS

Tokyo workers hammer out the utensils of democracy—200 wooden ballot boxes being readied for the Apr. 10 general election, the first in Japan's history. In Washington, the War Dept. smilingly guesses that it's a figurative case of turning swords into ploughshares. There's almost no lumber in Japan except the packing boxes that weapons—presumably those of the U. S.—were shipped in.

United States in which Netherlands holdings were estimated at \$977 million at the end of 1944.

TOURIST CASH SURVEY

The Dept. of Commerce is planning to collect accurate information on American tourist spending abroad.

Last year Americans—tourists, businessmen, and officials—spent about \$400 million abroad, and as travel becomes easier U. S. spenders are expected to raise the total quickly to \$1 billion and reach an estimated \$1,500,000,000-a-year rate in ten years.

Because this spending will provide foreign countries with the means to buy in the U. S., Washington wants to know more accurately how much is spent in what foreign countries. Last year's total was divided roughly as follows: Canada, \$130 million; Mexico, \$70 million; South and Central America, \$50 million; and the rest of the world, \$150 million.

The Commerce Dept. is having postcards prepared which will be filled out voluntarily by returning American travelers. Similar cards will be given foreigners visiting the U. S. to determine how much is spent here.

Good Neighbor

Already supplying heavy
stocks of food needed abroad,
Canada tightens domestic controls
to increase exports.

OTTAWA—This week Canada took some steps to increase its already substantial contribution to the food supply of a hungry world. The measures include:

Encouragement of maximum farm production for the next four years.

A campaign to encourage home gardening and consumer savings in food consumption.

Reduction of wheat and wheat-products inventories to a minimum.

Modification of carload-lot transportation (which tended to oversupply dealers).

Allocation of transport priorities for wheat.

Diversion of some oats and No. 4 (used for feed) to export channels.

A 10% reduction in wheat made available for domestic milling.

Reduction of the amount of wheat stilling to 50% of 1945 consumption.

Liquidation by sale of wheat now on farms (awaiting better prices).

Relief—In the three crop years ending July 31, Canada will have fed about a billion bushels of wheat enough for the normal bread requirements of 80,000,000 people. During the present year Canada's export commitment is 350,000,000 bu. Because the substantial carryover which has been built up during the war will be exhausted by mid-year, stricter measures are to be taken to insure the planned increase in shipments this year.

Reviewing some of Canada's more spectacular relief achievements, Prime Minister Mackenzie King listed (1) the shipment of nearly 20,000 tons of wheat to Greece since August, 1942, a amount that sustained nearly half the population of the country; (2) the steady flow of meat, wheat, and dairy products to the United Kingdom—Canada supplied 72% of the U.K.'s bacon ration; and (3) shipment of 100,000 tons of wheat to India to relieve the famine.

Production Increased—Production of foodstuffs has boomed during the war. Production rose from 743,000,000 in 1942 to a billion lb. in 1945. Exports of cheese have grown from 93,000,000 lb. in 1940 to 125,000,000 lb. during the last and current years. Egg production is up from 285,000,000 dozen in 1942 to 378,000,000 dozen in 1945.

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CHARLES C. MOSKOWITZ,
Vice President & Treasurer

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THE MARKETS

(FINANCE SECTION—PAGE 118)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	166.9	166.8	169.7	134.6
Railroad	62.4	62.2	64.3	50.6
Utility	88.7	88.2	87.7	60.7
Bonds				
Industrial	124.5	124.6	124.2	123.2
Railroad	120.0	119.8	119.7	114.8
Utility	115.8	116.0	116.1	116.4

Data: Standard & Poor's Corp.

Market Still Seesawing

Settlement of the General Motors and General Electric wage disputes last week greatly pleased Wall Street, but did not have the favorable effect on stock market values that many outsiders had expected.

Prices have advanced on occasion since the news was announced. But they have likewise shown an equally strong tendency to fall at times. And it has been noticeable that the recent sub-normal trading volumes have shown a tendency to rise appreciably only when a desire to sell, not buy, stocks has been in the ascendancy.

• Food for Thought—Plenty of unfavorable factors have been edging into the general picture lately that explain just why the stock market was content to take last week's strike settlement in its stride.

Militating against much enthusiasm over this event, for example, was the almost simultaneous disclosure that both Western Electric and Western Union

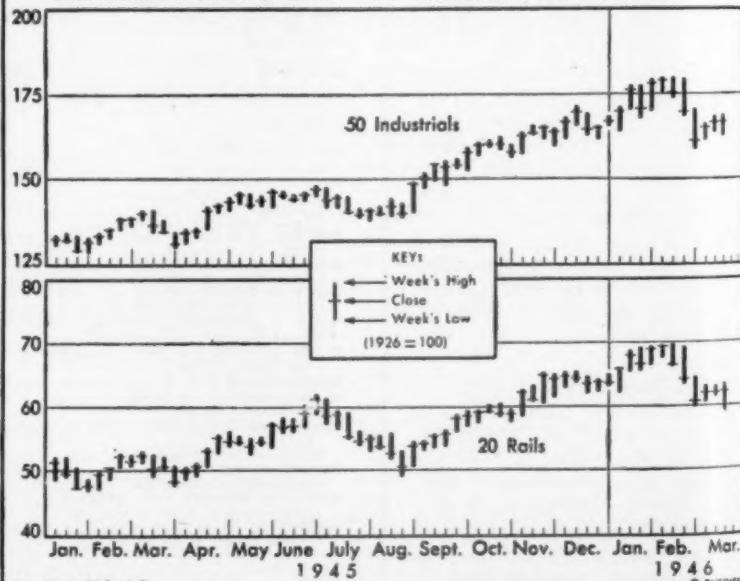
had quickly followed up their recent price cuts by discontinuing dividends. Another inhibiting fact is a string of announcements of lower dividends and declining earnings by more than a few other industrial companies both large and small.

• Wages and Speeches—The rampant speculative sentiment that earlier this year before the "Bowles Report" began taking its toll has been considerably dampened by favorable potentialities inherent in negotiations still under way in the coal and rail fields. Growing tension in the international scene has acted as another sedative, as have a number of Price Administrator Bowles' recent utterances.

Actually, it's been many months since Wall Street has been quite as bearish as it is currently. Most brokerage market seers and many investment sellers now appear to believe that an advance should be expected on the market between now and the end of the year. Many in the group even expect it in interim to see the lows registered in 1946 thoroughly tested and perhaps exceeded.

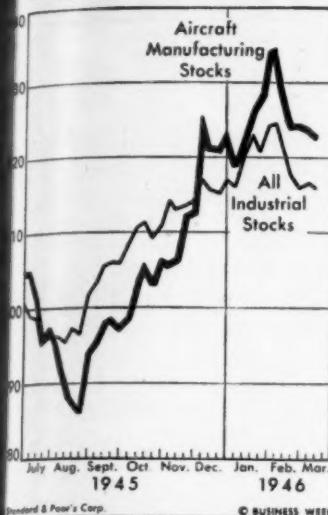
• Bulls Restrained—Those not entirely in agreement with Wall Street's crop of bears still believe that "A constructive stock investment policy should be maintained." But even such bullish inclined advisers add that "national developments promise to be serious for a further period of time during which the market will not

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

SPECULATIVE GROUP



Standard & Poor's Corp.

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reasons for acquiring real cheerfulness."

Certainly a less-than-bullish attitude would seem warranted in many instances if the Administration actually has serious intentions of maintaining OPA ceilings aimed for a time at limiting corporate profits, before taxes, their 1936-39 average, when an 18% rate prevailed as against the 38% now in force.

Ex-G.I. Starts Afresh

In recent years the aircraft manufacturing business has grown from a puny corporate baby, suffering from erraticings, into a lusty, muscular young currently ranking well up among the nation's industrial leaders.

The new industrial giant, however, acquired little of its present brawn in traditional "hard way." The stimulus of war orders reaching astronomical rates has been mainly responsible for meteoric growth. And the industry yet to establish its permanent status in the nation's peacetime economic structure.

Comfortable for Now—Nonetheless, the aircraft group finds itself better situated financially than most similar "ex-G.I.'s" to sit back and await some general clarification of the uncertainties engendered by shrunken markets and intensified competition.

Just glance at the combined recent showing of six prominent plane makers. In the 1937-1944 period they saw their stocks skyrocket from around \$92,000,000 annually to well above the \$8,500,000-mark. Despite the restrictive effect of contract renegotiation and extreme tax vulnerability, especially to the high-rate excess-profits levy, their earnings likewise zoomed. By 1944 net profits had almost reached a \$53,000,-

000-level compared to only \$8,500,000 in 1937.

• **Net-Value Gain**—Their war-swollen earnings, also, weren't all distributed to their stockholders. A large portion was plowed back into the business, and by 1944 total net worth of the six units had expanded to over \$432,000,000, from the \$80,000,000-odd revealed seven years before. Working capital likewise expanded seven-fold in the period, going from around \$40,000,000 to more than \$286,000,000.

Because of the industry's prewar erratic earnings record, its immaturity, and uncertainties over its future, aircraft stocks have always been volatile performers. In appraising their value market participants have usually been excessively optimistic or far too pessimistic.

• **A Low High**—Nor did the stocks assume the status of a favored war-baby during the 1942-43 bull market. Their big earnings then were assumed to be only temporary. Standard & Poor's weekly aircraft stock index at its war high was only 51% above its war low, compared with the 98% gain scored by the over-all industrial average.

The war's end had an immediate and drastic impact on the industry. Within a few days 90% of its remaining 1945 production schedule was canceled. There have since been additional cutbacks and terminations, and the fate of the few military orders still left on the books is problematical. But most companies had long planned for this eventuality. They immediately started getting their houses in order, and have been helped since by speedy government settlements on their canceled contracts.

• **A Healthier Climate**—Nonwar business, moreover, has been larger than was visualized earlier, and already the backlog of many leading units are said to equal their combined output of several prewar years. Future profit margins are also expected to be larger, and taxes will be much less onerous.

As a result, many estimates of 1946-47 earnings have been revised upward in Wall Street recently. Improved sentiment toward the group was particularly noticeable in last week's market action.

The Street, however, isn't going too far out on the limb in this connection. It is encouraging only very selective purchases of aircraft shares, particularly since Curtiss-Wright Corp. foiled the boys this week by omitting an expected quarterly dividend in its "A" stock.

The N. Y. Stock Exchange is planning an official investigation into the circumstances surrounding this dividend action. Curtiss-Wright directors voted the omission at a meeting after the market closed on Monday, didn't announce it until 2:30 Tuesday, despite a Stock Exchange rule requiring "prompt" announcement of dividend actions.



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THE TREND

ORGANIZATION OF FOREMEN

The recent 2-1 decision of the National Labor Relations Board, extending the special privileges and protections of the Wagner Act to a union of foremen affiliated with a union of production workers, does not miss much of creating a perfect or revolving mess, i.e., a mess when viewed from any angle.

John L. Lewis, whose United Mine Workers, District 50, "won" the decision may, for the moment, get some joy out of it, particularly when he considers how one week he is able to get the NLRB to give management a resounding kick in the teeth and the next week busy himself acknowledging the salaams of management, or at least some segments of it, as the champion of free private enterprise. Also those comrades who want our economic system to break down thoroughly may find nourishment in the decision. But that, of course, is simply because it precipitates such a complete mess.

• For management the decision creates an impossible situation. Just how impossible can perhaps be most succinctly indicated by reference to the United Mine Workers' oath which, thanks to the NLRB decision, will now be taken by foremen as well as miners. The oath provides, in part, "that I will not reveal to any employer or boss the name of anyone a member of our union. That I will assist all members of our organization to obtain the highest possible wages for their work. . . ."

As noted by Gerard D. Reilly, dissenting NLRB member, foremen working underground in mines frequently bargain for management with miners on rates of pay for special mining jobs not covered by the general labor contract. By the pledge they will now take, they are committed "to obtain the highest possible wages" for those with whom they are supposed to bargain. It would take a genius to think up a more preposterous setup. And yet it is symptomatic of the general scrambling of loyalties and responsibilities resulting from the NLRB decision.

• But if the decision creates an impossible situation for management, it will generally do no less for the foremen. They cannot effectively exercise consequential supervisory authority for management and at the same time respect pledges, such as that of the U.M.W., "to defend on all occasions and to the extent of my ability the members of our organization." Thus foremen who really are supervisors face the prospect of being demoted, in fact if not in name, while management brings in new supervisors who have not paralyzed their supervisory capacity by giving a host of hostages to the production workers.

For the general public the NLRB decision creates a mess by assuring a lot of rancorous and destructive conflict over the shakeup in the ranks and duties of foremen which the decision will necessitate. And to round out

the perfection of the mess, the decision disclosed the majority of the NLRB to be punch drunk intellectually, a bad state for any agency, governmental or otherwise.

• The Wagner Act says "employees shall have the right . . . to bargain through representatives of their own choosing." Foremen are employees. In the particular case in question the foremen chose to bargain through representatives tied up with the production workers. Therefore, the NLRB says it felt constrained by the clear language of the statute to say "O. K." While that line of reasoning reversed previous decisions of the board, has an elemental plausibility.

Having disclaimed authority to control the bargaining agency selected, however, the NLRB majority then promptly proceeded to determine the scope of the bargaining units that the supervisory employees should have, putting some supervisory employees in the bargaining units and leaving some out. In other words, in almost the same breath that it was saying that it had no authority to govern the choice of employees about the unit through which they want to bargain, it was exercising such authority.

When an agency carrying out an act of Congress gets as addled as the NLRB majority has patently become on the foremen's issue, it is the clear duty of Congress to step in and straighten it out. Indeed, the majority almost pleads for congressional help. The issue for Congress, let it be carefully noted, is not whether or not the foremen should be allowed to organize. That is their right as American citizens. The issue for Congress is whether or not the very special privileges accorded by the Wagner Act, which at times has been construed to bar employers even from trying to persuade their employees not to join a union, should be extended to foremen who, if American industry is to have a chance to do its job properly, must represent management with full loyalty and responsibility.

• We are aware of and deplore the wartime worries and grievances of foremen which gave such a fillip to the unionization of them. As we understand it, most of these grievances have long since been remedied. We are also aware that, if the foremen continue to have important grievances or even a more or less detached urge to organize themselves in unions, the law is not going to be and should not be an obstacle. But we submit that both good government and good sense dictate that Congress free management from the special barriers imposed by the Wagner Act in trying to work out with foremen the problems presented by the issue of union organization. That is the only way we can see to clear up a mess which, left to fester, can gravely damage the American economy at a critical time.

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